INCIDENT REPORTING ARRANGEMENTS

This RITS Advice sets out incident reporting arrangements for RITS Members that operate an Exchange Settlement Account with the Reserve Bank. These arrangements include minor amendments to existing reporting requirements for RITS incidents (last published as RITS Advice 10/2007) as well as the new arrangements for reporting on retail payments incidents foreshadowed in the Reserve Bank media release 2012-03.

The reporting criteria for retail payments incidents will be reviewed in the light of experience. Members may provide feedback on these to the Reserve Bank (by post or email to rits@rba.gov.au) directed to the attention of the Head of Payments Settlements.

The table below summarises the main aspects of incident reporting by Members. Detailed requirements are then set out in the remainder of this Advice.

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Reportable Incidents

Members are to immediately report to the Reserve Bank all operational incidents that prevent efficient settlement across RITS of RTGS and other payments.

Members must contact the RITS Help Desk on 1800 659 360 as soon as a problem becomes apparent. Members are reminded of their responsibility to ensure effective monitoring during the RITS operational day of their ESA and transactions submitted to RITS for settlement. Members should be particularly vigilant after any upgrades or other changes are made to their internal systems.

*The APCA High Value Clearing System (HVCS) Procedures require that Participating Members advise the System Administrator immediately upon becoming aware of any technical or operational problems with their SWIFT computer-based terminal (CBT) or in-house payment system that prevents them from processing SWIFT PDS payments. The Reserve Bank is the System Administrator. The HVCS Procedures reporting requirements are satisfied by reporting under the arrangements outlined in this Advice.*

Members must report incidents affecting retail payments systems that meet any of the following criteria:

**Settlement activity:**

1. Inability to send settlement instructions to RITS for low value clearings with other institutions, or use of contingency facilities to submit these instructions.

**Clearing activity:**

1. Missing (or delaying by over two hours) more than one scheduled APCA clearing system file exchange with one or more institution.
2. Missing defined BPAY cut-off times.
3. The clearing of card-based transactions (e.g. EFTPOS, debit/credit cards) with one or more other institution is unavailable for a period of one hour or more (excluding scheduled maintenance activities).
4. Use of alternate transmission means, such as PGP email.
5. Other material disruption to clearing operations, including but not limited to duplicate or rejected file exchanges.

**Operating site:**

1. Any need to invoke business continuity or disaster recovery arrangements requiring recourse to one or more key systems at an alternate site.

**Customer access:**

1. ATM or point-of-sale payment stream (e.g. EFTPOS, credit/debit cards) is unavailable or incorrectly rejecting transactions (card, transaction or balance checking) across a major geographical area (for example, a city CBD, regional area, or multiple suburbs) for a period of one hour or more.
3.

2. Disruption to any other customer interface (e.g. online banking, telephone banking, mobile applications, direct links or portals) that:
   a. potentially affects more than 100,000 customers or 25 per cent of the institution’s customer base (whichever is lower); or
   b. lasts for more than two hours.

Account maintenance:

1. More than 250,000 accounts or 25 per cent of the institution’s customer accounts (whichever is lower) not being correctly updated, as follows:
   a. delays in posting to accounts past usual times;
   b. duplicated or missing transactions; or
   c. funds not available to customers within normal time frames.

Media coverage:

1. Where a retail payment system problem receives substantial media coverage (e.g. is reported in the online version of a national newspaper or on TV news programme website).

Incident Management

Members must notify the RITS Help Desk (1800 659 360) of any reportable incident: immediately for a RITS operational incident; and within one hour for a retail payments operational incident. Members can contact the RITS Help Desk on a 24x7 basis.

The following outlines the required information flows during an incident:

- **Agree lines of communication:**
  - standard contact point for duration of issue
  - escalation point (confirm existing contact or advise another)
  - regular update times
  - means of update (including use of standard email template)

- **Updates should be provided at least every 30 minutes for RITS incidents, one to two hourly for retail payments incidents, as agreed with the Reserve Bank**

- **The Member should provide information on:**
  - possible cause
  - customer impact
  - systems impacted
  - recovery strategy
  - expected recovery timeframe

For prolonged outages an executive-level conference call may be initiated.
Incident Reporting

Members must provide the Reserve Bank with a detailed post-incident report for any RITS incident that disrupts settlements for 30 minutes or more, or any retail payments operational incident that is reportable in terms of the above criteria. The Reserve Bank also requires a written report in the event that a Member fails to bring its projected 9am ESA balance into credit by the close of the Morning Settlement Session at 8.45 am. The report, or an interim report if further investigation is required, must be received by the Reserve Bank within one week of the incident. Where an interim report is submitted, a final report should normally be submitted within four weeks of the incident.

The report should explicitly address the following:

- Outline of incident, with accompanying timeline (including key decision points and actions)
- Root cause
- Internal system impact
- Business impact
- Impact on other institutions
- How the problem was detected
- Decision making process regarding recovery of systems
- Mitigating actions put in place while the problem was resolved
- How the problem was rectified
- Handling of external communications, i.e. with other banks, customers, vendors
- Proposed actions to prevent recurrence or mitigate its impact, and targeted timeframe for completion

The report should be marked for the attention of the Head of Payments Settlements, and posted to the Reserve Bank or emailed to rits@rba.gov.au. The incident report will be reviewed and a formal response provided by the Head of Payments Settlements. Reports provided to the Reserve Bank may be copied by the Member to APCA or APRA at their discretion. The Reserve Bank may discuss incidents with APRA.

The Reserve Bank will also require Members to submit periodic reports listing statistics on all payments outages that have occurred during the reporting period. The Reserve Bank will consult with Members on the scope and format of this reporting.

Payments Settlements Department
10 April 2012