CORPORATE CREDIT UNION GUIDANCE LETTER

No.   2004-04   DATE: August 20, 2004

SUBJ: Business Continuity Planning (BCP) and Critical Payment Systems

TO: The Corporate Credit Union Addressed

BCP is a critical element to the success of any business entity in today's technological environment. The Office of Corporate Credit Unions is conducting a thorough review of our examination and supervision program in this area. Upon completing our review, we will provide corporate credit unions with further information regarding our BCP expectations. In the interim, this letter provides our minimum BCP expectations in relation to critical payment systems.

Each critical payment system should have documented initial and ongoing performance testing for volume, transaction, and other capacity-related limitations. Each system in production should have had initial performance testing conducted prior to being placed in service. Effective monitoring and assessment of system resources requires ongoing performance measurement. Transaction growth or other business changes should determine the frequency of testing.

Each critical payment function should be supported by the primary payment system and at least one independent alternative processing method. The alternative processing method may not necessarily be another system. There are plausible scenarios where the telephone or facsimile may be a reasonable alternative. Other scenarios may require an alternative processing agreement with another financial institution. Each payment system will have its unique processing considerations with regard to BCP.

Incorporating these basic protections may assist in preventing an unacceptable disruption of service. Each corporate credit union should consider its own business model as it evaluates and refines its existing program.

If you have any questions, please contact this office or your state regulator.

Sincerely,

/S/

Kent Buckham
Director
Office of Corporate Credit Unions

cc: State Regulators
     Trade Associations (NASCUS, NAFCU, and ACCU)