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# Beyond Examination Compliance

*How ALIGN Applies FFIEC Business Continuity Management Standards for Financial Institution Resilience*

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**T**he Federal Financial Institutions Examination Council (FFIEC) Business Continuity Management (BCM) Booklet establishes the standard for business continuity planning across federally chartered and examined financial institutions, including commercial banks, savings associations, and credit unions regulated by the OCC, FDIC, Federal Reserve, and NCUA. The booklet defines what a mature business continuity program must include: integrated risk assessment, business impact analysis, recovery strategies, plan development, testing, and board oversight.

For examiners, a compliant program checks those boxes. For the institution, a compliant program is not the same thing as a capable one.

Financial institutions face a unique continuity challenge. Their operations are deeply connected to outside systems, including clearing networks, payment systems, technology vendors, and correspondent banks that are outside the institution's direct control. A business disruption that appears contained within one institution can cascade through the financial system in ways that amplify rather than isolate the original event. Business continuity programs built primarily to satisfy examination documentation requirements are often the first to reveal their limitations when a real disruption arrives.

ALIGN applies FFIEC BCM standards into genuine operational resilience. Each element of the FFIEC BCM lifecycle maps directly to an ALIGN phase, but ALIGN goes further, addressing the decision architecture, systemic dependencies, and realistic scenario assumptions that compliance documentation cannot capture and examination is not designed to test.

## **FFIEC BCM: What the Standard Requires**

The FFIEC BCM Booklet is organized around a business continuity lifecycle that encompasses risk assessment, business impact analysis, recovery strategy development, plan implementation, testing, and ongoing management oversight. The standard applies to the institution as a whole, including its significant third-party service provider relationships, and establishes expectations across five integrated components:

- **Business Impact Analysis** — Identifying and prioritizing critical business functions, processes, and dependencies, and quantifying the operational and financial impact of their disruption
- **Recovery Strategies** — Developing recovery strategies based on BIA findings, including alternate processing locations, work-from-home capabilities, and contracted third-party recovery arrangements
- **Business Continuity Plan** — Documenting recovery procedures, communication protocols, and resource requirements within established Recovery Time Objectives
- **Testing and Exercises** — Validating the BCP through regular testing that includes third-party provider plans and is updated based on test outcomes, not merely conducted to satisfy examination cadence
- **Board and Management Oversight** — Ensuring board-level review of continuity program effectiveness, management accountability, and integration of continuity planning into the institution's enterprise risk management framework

The FFIEC BCM Booklet is thorough in its requirements. What it does not cover is how to build a program that holds up when systems tested one at a time are all tested together under real disruption.

# The ALIGN – FFIEC BCM Crosswalk

| ALIGN PHASE                   | FFIEC BCM STANDARD   | ALIGNMENT DESCRIPTION  |
|-------------------------------|--|--|
| <b>A — Assess</b><br>Diagnose | Risk Assessment & Business Impact Analysis; Third-Party Risk Assessment                    | Decision architecture analysis and business impact analysis applies FFIEC BCM's foundational requirements, but extends beyond functional process mapping to diagnose how decision authority, escalation pathways, and third-party dependencies actually function under disruption conditions, not just as documented in the BCP. |
| <b>L — Link</b><br>Coordinate | Third-Party Provider Management; Regulatory Notification; Payment System Interdependencies | Mapping third-party provider relationships, regulatory notification channels, and systemic payment network dependencies applies FFIEC BCM's third-party and regulatory communication requirements while connecting recovery plans to the government and industry emergency coordination frameworks relevant to systemic          |

ALIGN PHASE

FFIEC BCM STANDARD

ALIGNMENT DESCRIPTION

financial disruption events.

**I — Integrate**

Build

Recovery Strategies; Business Continuity Plan; RTO/RPO Objectives

Operational design of recovery strategies, decision rights, and RTO/RPO-aligned playbooks directly fulfills FFIEC BCM's strategy development and plan documentation requirements, ensuring plans reflect how the institution would actually direct operations under disruption rather than describing idealized recovery sequences.

**G — Generate Stress**

Test

Testing and Exercises; Third-Party Testing; FFIEC BCM Booklet Testing Standards

Scenario-based exercises incorporating systemic financial disruption, third-party failure, and simultaneous regulatory inquiries apply FFIEC BCM's testing requirements with evaluative discipline, producing maturity-scored, defensible after-action findings rather than confirming assumptions about recovery capability under non-

| ALIGN PHASE                             | FFIEC BCM STANDARD   | ALIGNMENT DESCRIPTION   |
|---|--|---|
|   |  | representative conditions.  |
| <p><b>N — Normalize</b><br/>Sustain</p> | <p>Board and Management Oversight; Annual Review and Update; ERM Integration</p> | <p>Maturity benchmarking, board-reportable findings, and continuous improvement cadence map directly to FFIEC BCM's governance and oversight requirements, ensuring the program reflects current business conditions, third-party relationships, technology platforms, and regulatory expectations across examination cycles.</p> |

# Where ALIGN Goes Further: Five Financial Institution Differentiators

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## 1. Decision Architecture Under Financial System Stress

**T**he FFIEC BCM Booklet addresses recovery of business functions and processes. ALIGN addresses how decisions are actually made when a significant business disruption coincides with payment system stress, liquidity pressures, and regulatory pressure simultaneously, conditions under which documented recovery procedures most frequently diverge from actual organizational behavior.

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## 2. Third-Party Failure Pathway Mapping

**F**IEC BCM requirements for third-party risk management identify vendor relationships to assess. ALIGN maps how disruption spreads through those relationships, tracing failure pathways through technology service providers, data centers, payment processors, and correspondent banking networks.

### **3. Systemic Event Scenario Design**

**A** LIGN's Generate Stress phase designs exercises around the scenarios financial institutions actually face: technology outages affecting payment and settlement systems, third-party provider failures with simultaneous client impact, and extended infrastructure failures affecting branch and digital access channels.

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### **4. Regulatory Communication System Architecture**

**A** LIGN designs regulatory communication pathways as operational systems, ensuring OCC, FDIC, Federal Reserve, or NCUA notification protocols, customer communication channels, and correspondent bank coordination mechanisms are tested as functional systems under disruption conditions, not validated as documented checklists.

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### **5. Board-Level Governance Integration**

**A** LIGN's Normalize phase produces governance-ready reporting: maturity benchmarking, prioritized corrective actions, and program performance metrics that meet board-level oversight expectations, making continuity governance a management discipline rather than a compliance reporting exercise.

## Conclusion

The FFIEC BCM Booklet establishes what a mature business continuity program requires for federally examined financial institutions. For institutions that need examination compliance, it defines the standard. For institutions that need operational capability, compliance is the floor, not the ceiling.

ALIGN builds from that floor: grounded in FFIEC BCM requirements, extended through expert judgment to address the systemic dependencies, decision architecture challenges, and scenario complexity that financial institutions face when a disruption moves from documented plan to real activation. Compliance satisfies the examiner. Capability protects the institution.

### ABOUT SENTINEL RESILIENCE PARTNERS

**S**entinel Resilience Partners provides business continuity consulting for financial institutions including FFIEC BCM program design, BIA facilitation, third-party risk integration, and HSEEP-aligned exercise programs. ALIGN engagements are structured at four tiers: Audit, Build, Validate, and Sustain.

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