

MEDIA RELEASE

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BANKING INDUSTRY SETS BASELINE STANDARDS FOR OUTSOURCED SERVICE PROVIDERS

Singapore – The Association of Banks in Singapore (ABS) today released a set of industry guidelines that spells out the minimum standards and controls required of Outsourced Service Providers (OSPs) that are operating in Singapore and undertake Financial Institutions’ material outsourcing or handle customer data. These guidelines also apply to the sub-contractors of the OSPs based in Singapore.

Currently, OSPs are appointed by individual Financial Institutions and subject to individual Financial Institution’s due-diligence processes and service control audits.

The “ABS Guidelines on Control Objectives & Procedures for Outsourced Service Providers” provides clarity and consistency in the control and governance of the OSPs and their sub-contractors, to a level which the Financial Institutions adhere to. The Financial Institutions regard the OSPs as extensions of themselves.

These Guidelines consist of three broad areas of controls: Entity Level Controls, General IT Controls and Service Controls.

Entity-Level Controls are a must for all OSPs as these cover the organisational controls such as human resources policies and practices, management philosophy and operating style that set the priority and culture of the OSPs.

General Information Technology (IT) Controls addresses OSPs where information technologies are outsourced or used in their provision of services.

Service Controls aim to provide assurance that OSPs define and monitor their contractual and service level obligations as agreed.

While the Entity Controls are required of all OSPs, the emphasis on the General IT and Service Controls would vary depending on the services the OSPs provide.

Said Mrs Ong-Ang Ai Boon, Director, ABS: “Outsourcing continues to be prevalent in the business landscape of banks. To ensure that the same level of governance, rigour and consistency apply whether the business function is performed in-house or outsourced, we came together to establish these baseline standards that will assure financial institutions – and ultimately, consumers – of the integrity and effectiveness of their OSPs’ internal controls.”

She added: “One of the aims of this initiative is to raise the level of compliance standards among OSPs while reducing the industry’s compliance costs. It reduces the number of control audits the OSPs will be subjected to. At the same time this would differentiate them from the regional and global market.”

ABS will work with the relevant OSPs to ensure that they adopt the Guidelines within the next 12 months. This proactive stance by ABS and its member banks makes Singapore one of the first countries globally to impose an industry-wide set of expectations on OSPs.

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About The Association of Banks in Singapore:

The Association of Banks in Singapore (ABS) plays an active role in promoting and representing the interests of the banking community in Singapore. In doing so, ABS works closely with the relevant government authorities towards the development of a sound financial system in Singapore. Since its establishment in 1973, ABS has promoted common understanding among its members and projected a unifying voice on banking issues. It has brought its members closer together through various guidelines and banking practices as well as the support of projects of mutual benefit to face the challenges of the financial and banking community in Singapore. Today, ABS has a membership of 158 local and foreign banks. Further information on ABS is available on the website: www.abs.org.sg.