



HIGH-LEVEL SUMMARY TECHNICAL ASSISTANCE REPORT

PHILIPPINES

Developing a Regulatory and Supervisory
Framework for Operational Resilience

May 2025

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High-Level Summary Technical Assistance Report

Monetary and capital Markets Department

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The *High-Level Summary Technical Assistance Report* series provides high-level summaries of the assistance provided to IMF capacity development recipients, describing the high-level objectives, findings, and recommendations.

ABSTRACT: Monetary and Capital Markets (MCM) department delivered a hybrid technical assistance (TA) mission to assist the Bangko Sentral ng Pilipinas (BSP) in developing a supervisory framework for operational resilience. An earlier mission in 2022 assisted BSP to develop a regulatory framework for operational resilience. The virtual mission focused on taking stock of developments since the regulation was developed. The in-person mission developed concepts and thinking on operational resilience supervisory framework and imparted training to supervisors. The mission is supported by senior management well. Recommendations included reflecting Basel Core Principle 25 (BCP25) in the draft regulation, developing internal guidance for supervisors, adjusting risk rating methodology and leveraging the experience of the working group.

JEL Classification Numbers: G18, G28, G29, M15 (consult https://www.aeaweb.org/econlit/jelCodes.php)
Keywords: Cybersecurity, ICT risks, Operational Risk, Operational Resilience

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Background

MCM delivered a TA mission assisting BSP in developing a regulatory framework for operational resilience in December 2022. The authorities have since developed the draft regulation leveraging on existing policies on operational risk management, business continuity management, IT risk and outsourcing, among others. The draft regulation has been exposed for comments of regulators and the industry. A follow up hybrid mission during May 2024 addressed developing a supervisory framework for operational resilience. While a virtual mission took stock of developments since the development of regulation, an in-person mission engaged with the Technical Working Group on Operational Risk (TWGOR), provided training inputs to supervisors, provided feedback on the self-assessment carried out by BSP for the inclusion of provisions contained in core principle 25 and delivered a sensitization session for the senior management.

Summary of Findings

An outcome from the first mission was for BSP to review the draft circular to determine if it adequately covers the criteria in the revised [BCP25](#). The second mission provided feedback. BSP will need to closely manage the communication strategy with its supervised institutions to clarify the potential areas of additional effort to implement operational resilience. In its onsite examinations, the BSP has established several touchpoints where operational risk management is assessed which it can leverage to include assessment of operational resilience. There are benefits leveraging the ongoing role of the TWGOR to help smooth implementation and integration into the supervisory framework. The mission enjoyed the support of the senior management and BSP is adopting an outward looking philosophy of learning from other supervisors.

Summary of Recommendations

The mission's recommendations included: (i) improving the draft regulation by reflecting the expectations from BCP 25; (ii) integrating operational resilience into the risk rating methodology; (iii) developing an internal supervision guideline on how to assess operational resilience; (iv) integrating operational resilience assessment as part of risk-based supervisory framework; and (v) conducting thematic reviews focusing on domestic systemically important banks.