



# Resiliency for the Public Sector

November 2021

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# Presenters

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## Zubair Ahmed



**Vice President  
Government Banking**

Zubair Ahmed has 18 years of banking experience. For the majority of that time, he has served the needs of government, not-for-profit, consumer, and corporate clients. Zubair Ahmed is a dynamic and results-oriented professional with a successful track record in relationship management and customer service. With strong decision making, analysis and leadership skills, he strives to make certain that each client is satisfied. Zubair's portfolio includes managing State, County, City, Townships, and School District relationships.

He joined the firm in 2010 and held several roles including Banker Associate, Business Banking Relationship Manager, Branch Manager, and Personal Banker.

Zubair has a Bachelor's Degree in Business Administration from the Edinboro University of Pennsylvania and a Master's Degree in Business Administration from Michigan State University.

## Greg Mullins



**Vice President  
Government Banking**

Greg Mullins is Vice President of Government Banking, a specialized industry group within J.P. Morgan's Commercial Bank. Greg serves as the relationship manager for large government clients located in Kentucky, southwest Ohio, and West Virginia. In this role, he is responsible for developing and implementing customized financial solutions for these clients and managing these relationships on an ongoing basis.

During his 30 year banking career, Greg has served in a number of diverse roles in Retail Banking, Credit, Commercial Real Estate and Commercial Banking. The last 20 years of his career have been dedicated to working with state and local governments, school districts and other municipal entities.

Greg obtained a bachelor's degree in Business Administration in Finance from Marshall University in 1989 and a Master in Business Administration from the University of Kentucky in 1999. He is a Certified Treasury Professional and a member of the Association for Financial Professionals.

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# How can this be happening?

**Business disruption is inevitable**



*Financial Crisis*

2008



*Paris Attack*

2015



*Covid-19 Pandemic*

2020

*Colorado Floods*



*Hurricane Irma*



**Do you have the disaster recovery and business resiliency plans to minimize the impact?**

# Why do I need a strong resiliency plan?

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## Continuous Business Operations

require strategic planning and product implementation well in advance of a business interruption



## Cyber Threats

the volume and variety of cyber threats to Government Agencies will continue to increase



## People Are Critical

Protect and support your staff and constituents - a strong plan includes helping your team understand their role in recovery scenarios with tests across critical functions and locations



## Know Where You're Weak

well in advance of an event and establish the right back-up protocols

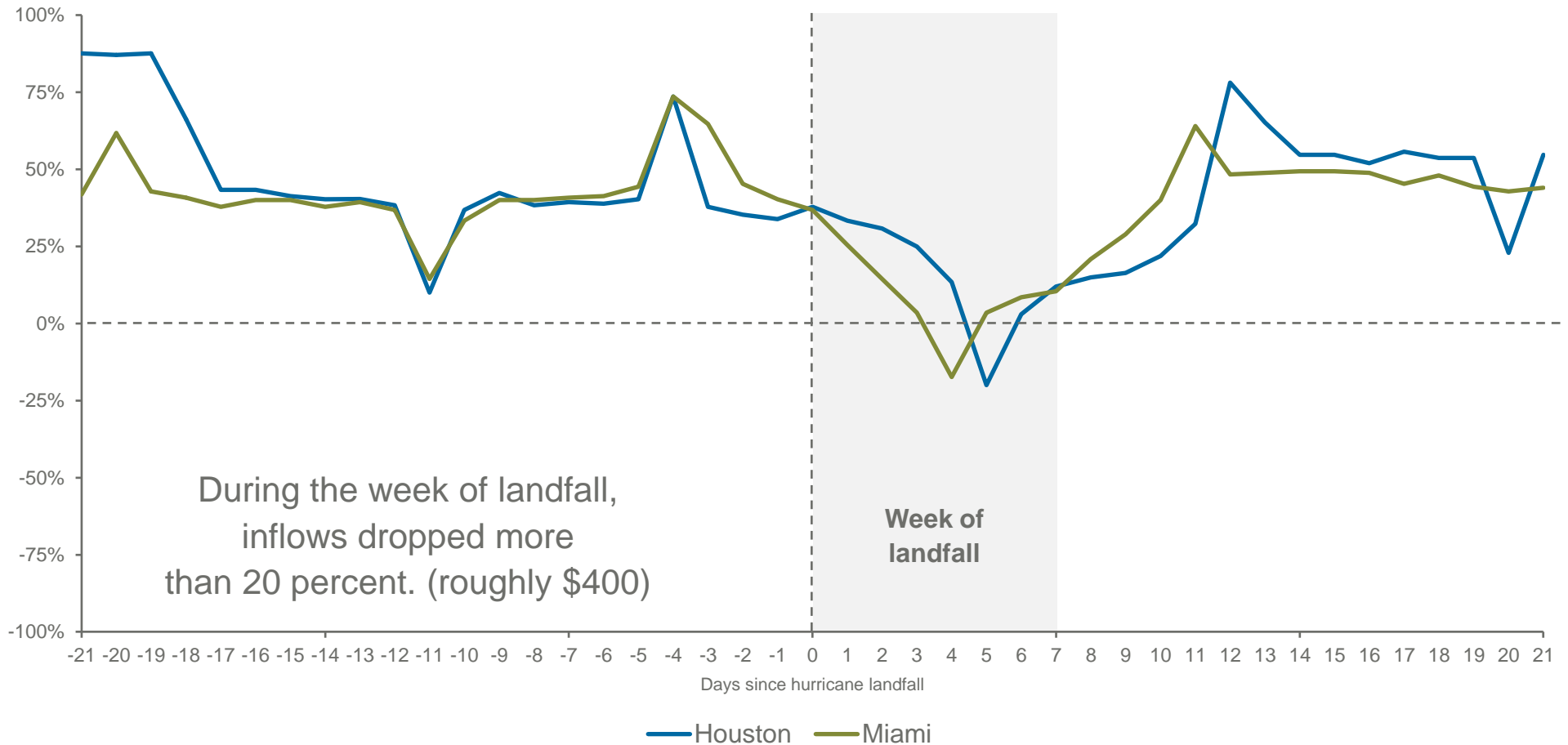


## A Full Risk Management Strategy

With a well defined and rehearsed resiliency plan, you can reduce the impact of an event on the organization

# Testing resiliency during Hurricane Harvey and Irma<sup>1</sup>

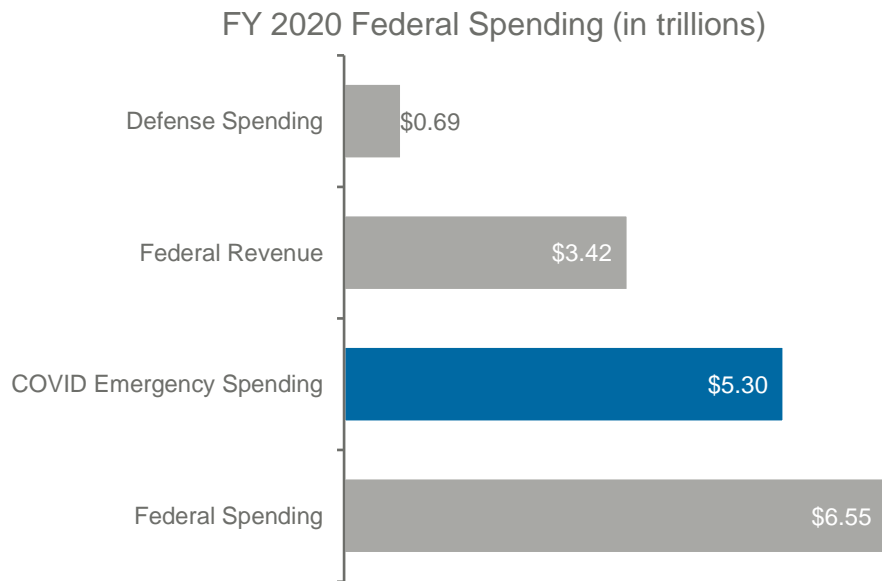
Total inflows were more than 20% or roughly \$400, lower than baseline the week of landfall



Source: J.P. Morgan Chase Institute

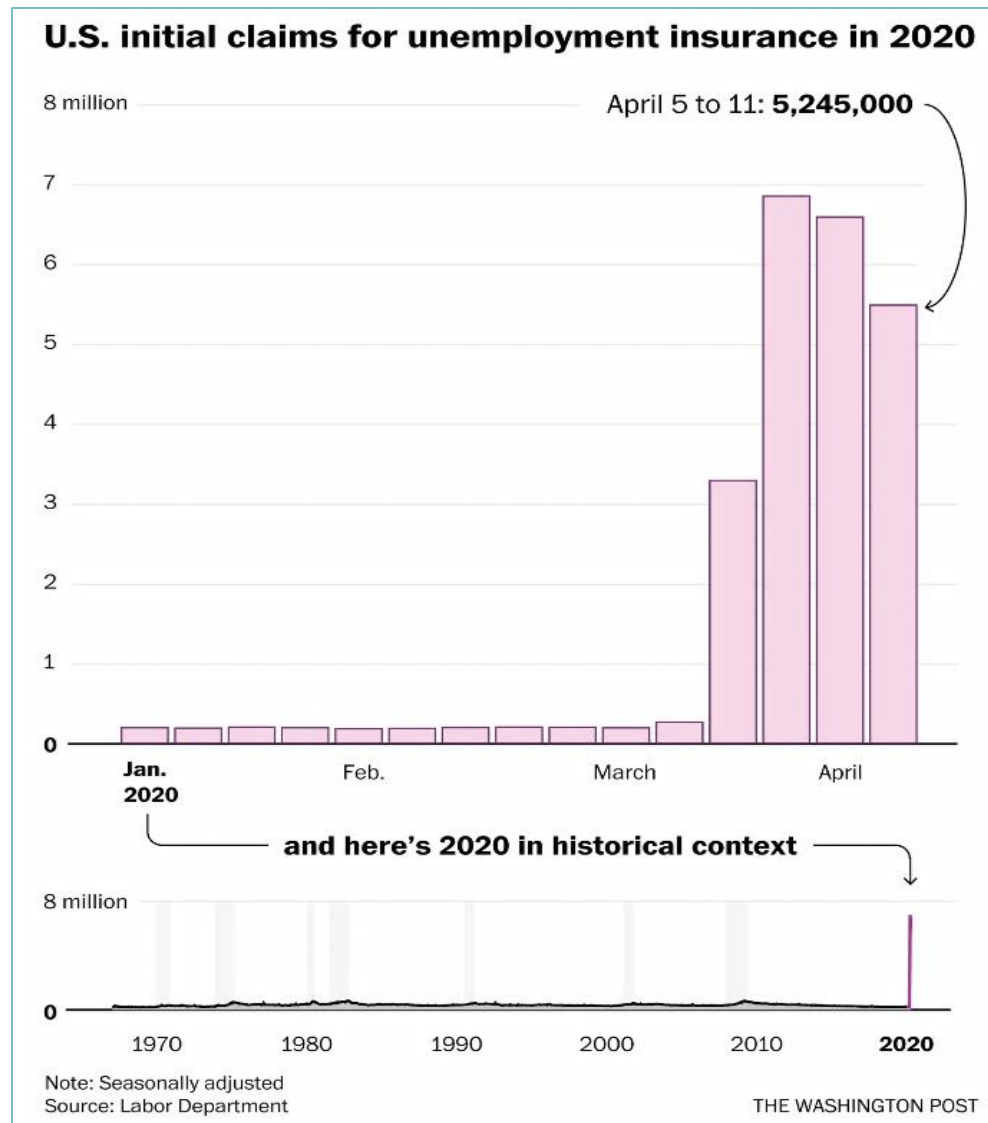
<sup>1</sup> Farrell, Diana and Christopher Wheat. 2018. "Bend, Don't Break: Small Business Financial Resilience After Hurricanes Harvey and Irma." JPMorgan Chase Institute.

# Just last year...



## What this means for you

- Increased spending
- Decrease in tax revenue
- Potential budget shortfalls



Amadeo. "FY 2020 Federal Budget Compared to Actual Spending." (Apr 2021).  
Long. "U.S. Now has 22 million unemployed, wiping out a decade of job gains." (Apr 2020)



# In the current climate, you can expect:



## Increased declines



You may see more credit limit declines because many constituents may need to max out their credit cards; in case you see more credit declines you need to think about retry timing

## Increased chargebacks



Make sure you know how to handle chargebacks at scale and what your chargeback fees are.

## Increased fraud



Be even more focused on fraud. Unfortunately, cybercriminals prey on situations like these. Cyber attacks against local, state and federal government agencies in on the rise

### Federal government:

Data file and website breaches of offices and agencies to gain sensitive personal information

### State government:

Government websites across four states were compromised and littered with pro-terrorist propaganda

### City government:

Hacktivists attacked a website (as part of local protests) bringing it offline for at least 16 hours

# Decoding cyber attacks



## Distributed Denial of Service (DDOS) – risk to data availability

Attempting to make an online service unavailable by overwhelming it with traffic from multiple sources

### Motivation – disruption

- Terrorists
- Nation States
- Hacktivists



## Financial fraud – risk to data integrity

Attacks on the bank and/or its clients/customers

### Motivation – financial gain

- Criminal Organizations
- Terrorists
- Nation States



## Ransomware – risk to data confidentiality and availability

Malware that encrypts the victim’s files, blocking access and requesting payment

### Motivation – financial gain

- Criminal Organizations



## Data theft – risk to data confidentiality

Exposure/theft of data from an unknowing victim with the intent to obtain confidential information

### Motivation – espionage reconnaissance; financial gain

- Criminal Organizations
- Terrorists
- Nation States

Importance of Business Resiliency

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# Assess your readiness

How can I get set up to **receive credit card payments** quickly?

How do I **manage cash flow remotely** and drive more straight-through processing?

What are the most efficient ways to **receive payments**?

How can I request my customers to **pay me electronically**?

What **best practices** should I follow in times of crisis for treasury management?

What if I'm **accepting more phone payments** during the COVID-19 pandemic?

How should I **deposit checks and cash** received in my office?

How should I **manage my receivables data**?

How can I get set up to **receive credit card payments** quickly?

How can I use your bank portals **from an alternate location**?

How do I **make all my payments** while **working remotely**?

How can I **manage my cash flow** even when my team is **working remote**?

How can I **make payments to employees** while we are all remote?

How can I **make payments to vendors** while we are all remote?

How can I **free up cash flow** during this critical time?

Your bank  
can help you  
**Address**  
your needs



**Payables** — cover payroll and make urgent payments



**Receivables** — track collections



**Treasury** — monitor your cash position (balance and detail activity) remotely



**Capital** — the balance sheet to support your funding and cash flow needs

# Take action – Resiliency Risk Model

## Governance oversight

Set priorities | Transparency | Major expenditures | Support operating model | Escalation



# What best practices should I follow in crisis?

## A/P and A/R business continuity



### Check your info

- Review bank account info for accuracy. Include verifying authorized signers, security administrators, active user IDs and proper entitlements across all banking systems
- Review and update processing instructions for each bank service and transaction limits



### Check your access

- Confirm remote access is active and test hard tokens
- Confirm you have enough system administrators to manage entitlements



### Contact constituents

- Request constituents pay via electronic methods



### Think ahead

- Plan for credit and cash needs—Consolidate liquidity, evaluate where cash is being managed from
- Cross-train personnel so staff can assume multiple roles if needed
- Record learnings to take action post-crisis to upgrade operations and contingency plans



### Increase attention

- Be aware of higher risk for cyber threats—criminals exploit these situations
- Do not change payment instructions for vendors, suppliers or any payees without validating with a call back to a known contact. Follow internal control procedures to change accounts payable remittance information

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# Effectively manage your receivables

## Efficiently receive payments



### Electronic Payments

- Drive businesses to ACH payments
- Auto debit for constituents



### Online Payments

- Establish online and phone payment channels
- eLockbox for payments initiated through online bill pay systems

## Deposit checks and cash



### Remote Deposit



### Branch Night Drop



### ATM Deposit



### Vault



### Lockbox



# Advancing your Current Solution

## Online Collections

### Legacy Solutions

Legacy Solutions

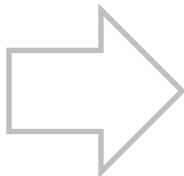
- echeck
- DISCOVER
- AMERICAN EXPRESS
- VISA
- mastercard

Bank, Fax, Phone, Laptop, Smartphone

### Advanced Payment Methods

Advanced Payment Methods

- PayPal Credit
- venmo
- PayPal
- pay
- Apple Pay
- Google Pay



### Advanced Payment, Presentment and Messaging Channels

Advanced Payment, Presentment and Messaging Channels

- Walmart
- PayPal
- Add to Apple Wallet
- Secure PDF
- In-Store
- PayPal App
- Apple/Google Wallets
- Text
- Voice Assistant
- Live Chat / Bot
- Facebook

# Payables

Easily make payments anytime, anywhere



## Pay your employees remotely

### SHORT TERM

- Submit payroll files for ACH payments in advance
- Leverage Same-Day ACH for missed cutoff times
- Use file uploads into your online banking portal
- Set up virtual payments to convert to electronic payments and access the *Zelle*® network

### LONG TERM

- ACH direct transmission
- Check print outsourcing
- Migrate all employees to direct deposit
- Real-Time Payments for emergency, off-cycle or more frequent payments to employees



## Pay your vendors remotely

### SHORT TERM

- Use file uploads or your bank's online portal for ACH or Wire
- Leverage Same-Day ACH for payments <\$100K
- Expand current card program – pay suppliers with purchasing card
- Add virtual card to existing commercial card – manual entry/simple file upload

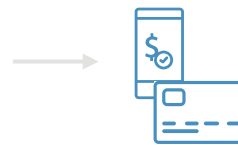
### LONG TERM

- Integrated payables approach: supplier enrollment for virtual card or ACH, check print outsourcing

# Banking solutions can help governments run more smoothly during a crisis

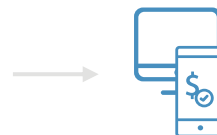


**Make emergency payments**



**Virtual Card/SUA, ePayables, Mobile Payments, Check Print**

**Receive emergency payments**



**Merchant Services, Mobile Receivables**

**Make emergency deposits**



**Remote Check Deposit**

**Keep funds secure**



**Term Loan, Operational Safety**