

Outsourcing and third-party relationships

Responses from the Central Bank of Argentina

- 1) What do you consider the key challenges in identifying, managing and mitigating the risks relating to outsourcing and third-party relationships, including risks in sub-contractors and the broader supply chain?

As it was mentioned in the Survey for SRC member national/regional authorities released on February 2020, one of the most important challenges is referred to the growth in number and complexity of IT infrastructure and services in financial institutions which are outsourced.

Most of the outsourced activities are done in big-tech company and as consequence one of the concerns is the concentration risk.

- 2) What are possible ways to address these challenges and mitigate related risks? Are there any concerns with potential approaches that might increase risks, complexity or costs?

As it was mentioned in the Survey for SRC member national/regional authorities released on February 2020, one of the most important issues is to have a full map of all of these actors (included the sub-contractors and the broader supply chain) and their responsibilities in each process outsourced in order to can be able to manage the related risks appropriately.

- 3) What are possible ways in which financial institutions, third-party service providers and supervisory authorities could collaborate to address these challenges on a cross-border basis?

It could be done by sharing information about domestic and regional regulations, new strategies considered in the third-party information technology supervision program and other kind of supervision guides. Also, by establishing programs of training and awareness.

- 4) What lessons have been learned from the COVID-19 pandemic regarding managing and mitigating risks relating to outsourcing and third-party relationships, including risks arising in sub-contractors and the broader supply chain?

Related with our jurisdiction, we have not been noticed about problems regarding to Covid-19 Pandemic and their consequences within outsourcing and third-party relationships. Although we have observed an increase in the amount of client transactions carried out through digital channels and the increase in the risks related to the management of human resources affected with the Pandemic restrictions.