

# IT Governance for Central Banks

4-day intensive residential programme  
7 – 10 September 2010

Clare College, Cambridge

Course chairman:  
**Philip Tromp**  
Chief Executive Officer  
Tromp AG

Series adviser:  
**Charles Goodhart, CBE**  
Professor Emeritus  
London School of Economics  
Financial Markets Group



# Dear Delegate,

The governance of information technology systems, processes and people is a core part of central bank business strategy. Information and communication technology functions are fundamental to the success and stability of the bank and it is therefore a duty of all organisations to prioritise these functions at the highest level.

Moreover, the complex objectives of central banks – openness and transparency in operations and communications, reliable and resilient operation of real-time gross and net settlement systems, and exemplary stewardship of public funds used to conduct their activities – warrant increased attention to the enhancement of operational excellence in IT.

This seminar has been designed to equip central bankers with both the high-level reasoning behind the importance of IT governance together with insights into how the information technology function can be implemented and continuously enhanced.

Key highlights include:

- The role of IT in serving the strategic goals of the central bank
- Demystifying the information systems auditing process
- Performance measurement in central bank IT departments
- Identifying and managing the risks to which a central bank IT system is exposed
- The development of green technology in the context of central banks

The panel of expert speakers combines practical central banking experience as well as views from

private sector experts. Amongst others you will hear from:

- Ilkka Vasara, Advisor, IT Quality and Security, Bank of Finland
- Bill Barouski, Senior Vice President, Federal Reserve Bank of Chicago
- Rudolf Thoenges, Deputy Head, IT Department, Deutsche Bundesbank
- Paul Vincent, Principal Solution Architect – Security, Lloyds Banking Group PLC

We are delighted to once again welcome Dr Philip Tromp formerly of the South African Reserve Bank and a leading expert on information technology, as chairman.

The four-day programme of interactive roundtable seminars and workshops offers practical examples of how IT functions are run and the opportunities resulting from innovations in new technology

This format, as more than 2,500 central bankers and regulators can attest, encourages delegates to quiz panellists, raise issues and discuss solutions to the specific challenges they face.

I look forward to welcoming you to Clare College this year.

Yours sincerely,



Robert Pringle  
Chairman  
Central Banking Publications



■ ■ The conference was valuable in bringing us together and allowing networking, in highlighting issues of common concern ■ ■

*A central bank delegate*

Tuesday 7 September

## IT services: governance, strategy and integrity

### Serving the goals of a central bank: the role of IT

**Philip Tromp**, Chief Executive Officer, Tromp AG

For the information technology function to be effective it is essential that IT strategy is closely aligned with institutional goals. To this end most central banks have adopted, to some extent, formalised IT governance procedures. However, governance processes alone are not sufficient to guarantee effective investment and strategy, and, crucially, engagement across the bank. At a time of increasing change in central banks' roles and responsibilities, this opening session will discuss the challenges of engaging business lines in the management of IT investment from inception to completion. The speaker will discuss the framework, processes, role and responsibilities that need to be developed and implemented to achieve this objective.

### IT governance: balanced-scorecard approach

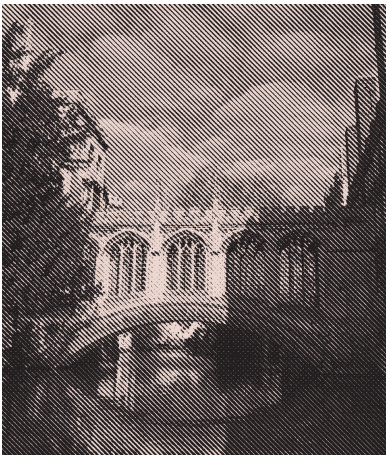
**Ilkka Vasara**, Advisor, IT Quality and Security, Bank of Finland

In a central bank, demand for IT services invariably exceeds supply. The way to manage this, the speaker will argue, is through a broad understanding of costs among both producers and consumers of the service, and, importantly, senior management. Crucial to this is the core concept of IT governance, which underlines the importance of IT functions and resource allocation serving the core purpose and strategic goals of a central bank. Here, a balanced scorecard method can be applied to IT in a way that connects the board-level goals with the work of the operational management. This session will look at long-term continuity, development issues and how participants can apply this method in their home institutions.

### Demystifying the information systems auditing process

**John Machin**, Partner, KPMG LLP

The purpose of an IT audit is to evaluate the robustness of central banks information technology systems. Auditors require IT departments to demonstrate that their systems demonstrate adherence to the key principles of information integrity, confidentiality and availability. In this session a seasoned information systems auditor will outline what auditors look for when conducting an IT audit and share his thoughts about what IT functions can do to get the most out of the audit.



#### About the course chairman

**Dr Philip Tromp** founded a consultancy company, Tromp AG, to focus on supporting central banks and central institutions in March 2010. The company provides consultancy services across a range of central bank business functions, including national payment systems, financial market infrastructure, economic and bank supervision data management, strategic management and IT. In 1999, he was a co-founder of Perago, a company that has established itself as a market leader in Real-time Gross Settlement (RGTS) systems. Prior to his 11 year as leader of Perago, he worked for 22 years at the South African Reserve Bank as IT director and introduced a collaborative management approach aimed at supporting the mission and strategic objectives of the central bank.

# Wednesday 8 September

## Doing more with less

### **Performance measurement in central bank IT departments**

**Ilkka Vasara**, Advisor, IT Quality and Security, Bank of Finland

As with other support functions, the performance of IT suffers from a tendency to only attract comment when something goes wrong. How do IT managers know that progress is being made towards providing a service that performs consistently at the required level? What do managers need on their “dashboard”? At all times, it is better to focus on what is relevant and important rather than what is easy to measure, and this session looks at how a central bank can develop and implement a performance measurement system for its IT functions. The group will consider management processes and controls as seen by COBIT and ISO 20000/ITIL material, taking these standard frameworks as a benchmark from which to begin discussions: a point of departure rather than the final word.

### **Case study: Outsourcing, insourcing or just “sourcing”?**

Speaker to be confirmed

The decision of whether to buy an off the shelf system or develop one in-house is a perennial issue for business and IT managers in central banks. Taking into account both policy and operational considerations, this session will focus on questions surrounding the tender and procurement process. The group will move on to discuss the key challenges of incorporating new systems into existing business environments and the roles of various stakeholders in these processes.

### **Optimising vendor relationships**

Speaker to be confirmed

Central banks, like all complex financial institutions, rely on the services of a range of information technology vendors from standard business management platforms to specialist systems such as those used for accounting or payment systems. In this session the speaker will share his experience with delegates about being the contact person between the Bank of Estonia and their vendor partners. Discussion will focus on developing a tender process and the issues surrounding a best-of-breed approach.

### **New challenges in data management**

**Bill Barouski**, Senior Vice President, Federal Reserve Bank of Chicago

While much about “macroprudential” policy remains uncertain, one thing is already clear: central banks and regulators will need to collect, protect, analyse and transmit securely huge amounts of sensitive data. The burden of this increased transparency will fall on IT departments to assimilate a bewildering array of structured and unstructured data such as databases, records, emails, internal documents and web content. In this session the speaker will examine the concept of enterprise information management and provide insights into how central bank IT managers can manage information in a coordinated manner across the institution.

### **Operations: the core of the IT function**

Roundtable discussion led by the chair

Often overlooked or taken for granted, operations are the foundation of growth and development of the function, both in stature and responsibility. A key part of IT management is to ensure that these are performed at the required level and make the best use of scarce human resources. In this session delegates will consider how IT departments can improve the efficiency of both their staff and infrastructure.

# Thursday 9 September

## Creating and maintaining a secure environment

### Identifying and managing risks

**Bill Barouski**, Senior Vice President, Federal Reserve Bank of Chicago

As information and communication technologies evolve at a rapid rate, it is imperative that IT managers understand the risks. This especially the case when policymaking users, new technologies and sensitive data combine. Given the threats that central bank IT systems face, it is essential that internal regulatory guidelines are put in place to prevent unforced errors and that the responsibility for IT security is properly assigned and understood. This session looks at how central bank IT can carry out its risk assessment and how it looks to mitigate these risks.

### Business continuity planning and IT

Speaker to be confirmed

In recent years the need for central banks to have robust and effective business continuity plans has been graphically illustrated. IT is at the heart of critical central bank functions and thus IT managers have an important role to play in assisting the development of a BCP. In this session the speaker will provide an overview of the key elements of a typical central bank BCP plan and highlight where and how IT departments need to be involved.

### Maintaining security in a web-based world

**Paul Vincent**, Principal Solution Architect – Security, Lloyds Banking Group PLC

As use of email, the internet and remote access functionality increase and the use of electronic commerce expands IT managers are faced with the pressing challenge of how to maintain a secure environment in what is a web-based world. In this session an IT security expert from the private sector will share his thoughts about the advances in data protection, how to defend against future technological threats, how to decide on which threats to monitor and the ways in which banks can build defences to mitigate numerous possible threats.

### New technology: balancing benefit and risk

**Roy Thetford**, Information Security Officer, Federal Reserve Bank of New York (invited)

The rapid advancement and availability of information and communication technologies creates a dilemma for central banks. On the one hand, greater technological capability can enhance the organisations electronic defences, increase the capacity of operating systems and quicken the dissemination of information. On the other hand the increased complexity and power consumption of such systems can lead to increased human error and system breakdown. In this session the speaker will focus on how IT managers can employ new technology so that it adds to the overall performance of the bank without exposing the organisation to undue operational risks.



👍👍 I have attended many workshops for central bankers. Those organised by Central Banking Publications are by far the best 🗨️🗨️

*A central bank delegate*

# Friday 10 September

## New directions for central bank IT functions

### Green IT: achieving practical and tangible benefits

**Rudolf Thoenges**, Deputy Head, IT Department, Deutsche Bundesbank

The business of Information technology is undergoing a cultural change as it moves toward more environmentally friendly technology. While laudable in its own right, the motivations for this move are based on solid business principles of achieving cost savings, improving business processes and enhancing an institutions reputation. In this session a speaker from the Deutsche Bundesbank will outline their plans and activities as regards green technology. Specific attention will be paid to why central banks need a green-IT strategy, the challenges of developing green data-centres, changing user behaviour and enhancing e-collaboration and the use of intelligent application and software solutions.

### Building peer networks for central bank IT managers

Speaker to be confirmed

Today, perhaps more than ever, IT managers have a key role to play in ensuring that central banks continue to maintain effective and secure operations. There is a wide variety of tools to enable them to do this. However, without consultation and cooperation across institutions these tools are of limited value. In this session a senior central banker will share his thoughts about how IT managers can work with their peers in official institutions and the private sector to create a communication matrix that will facilitate effective sharing of information and expertise.

### Course conclusions

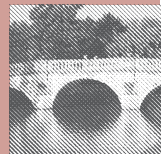
Led by Chairman

This session will draw together the themes covered, summarise the lessons learned, and generate priorities for action on delegates' return home.

#### CBP training course/seminar series, Autumn 2010:

- How to Regulate Islamic Financial Markets and Products
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- Government Debt Management: New Trends and Challenges
- Legal Risks and Good Governance for Central Banks
- The Changing Framework of Monetary Policy Operations
- Risk Management for Central Banks
- New Challenges in Financial Market Supervision & Regulation
- Accounting Framework and Financial Reporting for Central Banks
- Maximising the Value of Economic Analysis and Forecasting for Central Banks
- Human Resource Planning and Performance Measurement in Central Banks

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## Booking details

**Course fee: £2,700**

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4-day (3 nights) residential course

**Course fee includes:** en-suite accommodation, meals, refreshments, course documentation and a complimentary copy of the most recent issue of the Central Banking journal. Substitute delegates can be accepted should the registered delegate be unable to attend; please let us know prior to the event.

## How to book

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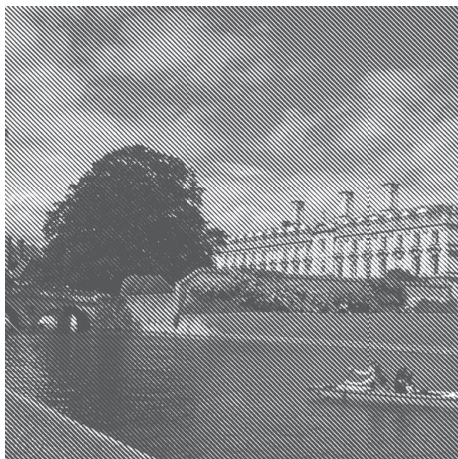
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### The venue

Clare College is one of Cambridge's oldest colleges boasting 17th century architecture, stunning gardens and a convenient location in central Cambridge, either side of the River Cam. It remains today a society of teachers and students brought together by a common interest in learning, teaching and research.

### About Central Banking Publications

Central Banking Publications' events division is the leading independent organiser of public policy seminars/training courses for the official sector. Since 1997, CBP has hosted roundtable seminars and training courses for over 2,500 senior policymakers from central banks, ministries of finance and financial regulatory agencies around the world. Senior officials from more than 120 countries have attended these meetings over the past ten years.

# Registration for IT Governance for Central Banks

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Job title: \_\_\_\_\_

Organisation: \_\_\_\_\_

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Email 1: \_\_\_\_\_ Please provide us with the direct email address of the delegate and an additional email address if possible.

Email 2: \_\_\_\_\_ This is very important because all correspondence with delegates is by email.

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**2. Payment details:**

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I have read and agree to the terms and conditions below.

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