



Flexibility and operational readiness: The cornerstones of modern bank resolution

Robin Hourican

The Bank of England's recent article, Planning to Fail – what resolution is and why it matters, provides a timely reminder that the UK's resolution regime is not just regulatory architecture, but a system of operational choices essential for financial stability during times of uncertainty.

As a consultancy supporting financial institutions in their resolvability assessments and operational contingency planning, we see that flexibility is now a fundamental component of resolution planning, forming part of the sector's essential infrastructure.

This is not just regulatory architecture, these are operational choices for resolution planning

Modern financial crises are unlike previous ones, moving faster and crossing borders more fluidly, often disrupting customers and markets at unprecedented speed. The BoE's focus on optionality and adaptable execution is not just justified, but strategically vital. Flexibility has become a strategic requirement, rather than a regulatory preference.

The UK's resolution regime has evolved significantly since the 2008 global financial crisis. Recent failures, such as SVB UK, regional banks in the US, and Credit Suisse, highlight that no two failures follow the same script, same pace or same causes.

The UK's resolution regime has evolved significantly... as a result, resolution planning must go beyond selecting one path

Markets can move in minutes, and liquidity can vanish almost instantly. As a result, resolution planning must go beyond selecting one path. A range of options should be predefined and routinely reviewed in a management actions library, or similar.

Firms and authorities must be prepared to design multiple resolution pathways in parallel, pivoting between bail-in, transfer, bridge bank, or modified insolvency strategies, and respond to real-time conditions rather than static plans and runbooks.

The SVB UK case, where both a transfer and a bank / building society insolvency procedure were prepared simultaneously, shows that flexibility is now the operational backbone of resolution, a norm rather than an exception.

However, flexibility only happens if institutions are supported at the exec level and also operationally ready. This means more than having multiple options in the management actions library. It requires the capacity to execute various strategies under time pressure, including:

- data readiness and real-time visibility: Different strategies have distinct data needs. Institutions must be able to access high-quality customer, asset, and system information instantly;
- branching playbooks: Traditional linear playbooks are outdated. Firms need modular, branching plans that allow swift changes in direction as circumstances evolve; and
- dynamic scenario testing: Modern tests should simulate rapid liquidity outflows, multi-jurisdictional regulatory engagement, accelerated crisis communications, and real-time strategic switching. Cross-authority exercising is now a global differentiator between theoretical and practical resilience.

The revised MREL thresholds and the introduction of the BRRA25 safety-net reflect the UK regime's recognition that risk varies by institution size, complexity, and business model. The SVBUK case demonstrated that even firms previously considered "transfer-ready" or "insolvency-ready" may need additional tools. Flexibility is just as vital for smaller and mid-tier firms as for systemic banks, though its manifestation may differ.

At Be UK we remain ready to help firms by increasing their operating model simplicity, building transfer- and bail-in-ready capabilities suited to their size, and understanding how their business model responds to fast-moving liquidity stress. Proportionality must not create a false sense of security; every firm needs multiple options, even if the scale differs.

Resolution is about creating options whilst under stress; protecting financial stability by preserving choice

Many larger, more complex organisations need to also consider cross-border flexibility in their playbooks and other responses. The Credit Suisse experience shows that resolution is a global capability, executed locally. Authorities must coordinate not just strategies, but also legal execution, communications, and expectations to expedite resolution and increase the chances of an organisation remaining viable (even if it requires a merger). Ultimately, flexibility protects financial stability by preserving choice.

Resolution is about creating options under stress, enabling authorities to maintain control, stabilise markets, and protect depositors. Adaptive planning, operational readiness, and strategy-agnostic preparation are the hallmarks of future resolvability. Organisations that embrace these principles will remain resilient in an increasingly fast-paced and interconnected world.

About us

Be | Shaping the Future is a leading pan-European financial services management consultancy, operating in 13 countries across Europe.

We are a disrupter to the top-tier consultancy brands, trusted by five out of ten of Europe's leading banks (alongside other leading financial institutions and FinTechs).

We are one of the fastest growing consultancies with dedicated specialist teams in:

- Banking and Capital markets
- Cards and payments
- Risk, regulatory and compliance
- Finance & CFO advisory
- ESG

At Be UK, we've worked with a range of financial services firms to help design, implement, and enhance scenario testing frameworks.

Our team brings a wealth of experience in resolution and recovery planning, operational resilience, data strategy, and regulatory compliance equipping us to support firms wherever they are on their journey, whether it's improving cross-team collaboration, modernising testing methods or unlocking the value of data, we're here to help firms turn insight into action.

Utilising our broad experience from across the banking sector, we ensure our clients take advantage of market disruption to achieve lasting value.

Bringing deep industry expertise and expert consulting capabilities, we support our clients to tackle their biggest opportunities and challenges to deliver fundamental and enduring change to their businesses.

Contact

For more information on how we can help you on your AI journey, please get in touch.



Robin Hourican
Senior manager
r.hourican@beshapingthefuture.co.uk