

FFIEC Weighs in on Cybersecurity in Light of Unprecedented Risk of Cyber Threats

September 28, 2015

As financial institutions of all sizes continue to face unprecedented cybersecurity risk, the Federal Financial Institutions Examination Council (FFIEC) released its Cybersecurity Assessment Tool. The Assessment is consistent with the FFIEC IT Handbook and the National Institute of Standards and Technology Cybersecurity Framework (NIST), and provides a reliable benchmark to assist a financial institution's management in identifying applicable risks, assess preparedness for responding to a cyber incident, and provide institutional resilience. The Assessment is designed to support financial institutions' upper-level management in the important task of analyzing the firm's vulnerability to various cybersecurity threats over time. The first part of the Assessment builds a risk profile based upon five main factors:

- Technologies and Connection Types
- Delivery Channels
- Online/Mobile Products and Technology Services
- Organizational Characteristics
- External Threats

During this stage of the analysis, the firm will assess a variety of factors, including the number of unsecured Internet connections, the use of externally hosted cloud computing services, the volume of ACH credit origination, the availability of trust services, the structure of the firm's IT department, the recency or possibility of a merger or acquisition, and number and severity of previously attempted cyber attacks. The second phase of the analysis guides management in assessing the

firm's maturity level for five different domains:

- Cyber Risk Management and Oversight
- Threat Intelligence and Collaboration
- Cybersecurity Controls
- External Dependency Management
- Cyber Incident Management and Resilience

This phase requires the firm to assess factors such as corporate governance and accountability in the event of a cybersecurity incident, risk management policies, cybersecurity training and culture, and threat monitoring and analysis. This commentary by the FFIEC, which is comprised of the Board of Governors of the Federal Reserve System, Federal Deposit Insurance Corporation, National Credit Union Administration, Office of the Comptroller of the Currency, Consumer Financial Protection Bureau, and State Liaison Committee, underscores the sentiment that senior management and boards of directors must not only analyze their firm's cybersecurity vulnerabilities, but actively address and reform their risk management policies to keep up with the multitude of rapidly evolving cybersecurity threats. Tools like the Assessment provide valuable guidance to financial institutions seeking to stay one step ahead of the evolving cyber threat landscape.

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