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Financial Institutions Spend More on Cybersecurity

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Financial institutions have been at the forefront of protecting their customers' personal information, including names, addresses, phone numbers, account numbers, Social Security numbers, income, and credit histories. The Gramm-Leach-Bliley (GLB) Act, which became law in 1999, requires financial institutions to ensure the security and confidentiality of this type of data. Over the last decade and a half, cyber-crime has become more prevalent and sophisticated, prompting financial institutions' heightened response. In February 2016, the American Bankers Association Banking Journal reported that CEOs now rank concerns over cyber-related threats higher than those regarding fiscal crises, asset bubbles, and energy prices. The concern is legitimate. In 2014 alone, data breaches exposed over 85 million records in the United States. In its 2015 Industry Drill Down Report, Raytheon-owned security vendor Websence claimed that the financial services sector faces security incidents a staggering 300 times more frequently than businesses in other industries. Protecting customer information now comes at great cost. *Forbes* reported that JPMorgan Chase, Bank of America, Citibank, and Wells Fargo will spend roughly $1.5 billion on cybersecurity in 2016. JPMorgan Chase expects to spend $500 million on cybersecurity in 2016, double what it spent just two years ago. Notably, in 2015, Bank of America CEO Brian Moynihan told Bloomberg that cybersecurity is the only area in the bank that has no budget constraint. According to the U.S. Financial Services:Cybersecurity Systems & Services Market – 2016-2020 report, the U.S. financial institutions cybersecurity market is the largest and fastest-growing private sector cybersecurity market. Its cumulative 2016-2020 size is forecasted to exceed $68 billion.

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