



Inquiry & Insight - Cyber, Compliance, Digital

cyber security regulatory digital banking

Summary: Today we provide insight to customer inquiries on cybersecurity, verifying legal entities and the continuing evolution of digital banking.

Experts will tell you young kids will typically ask 300 questions per day. Since we are dealing with adult readers here though, we only tackle three but with a bit more depth.

Q: I know cybersecurity is incredibly important, but it can be very hard to keep up. What are some recent developments that could help me stay up-to-date?

A: Cybersecurity is constantly evolving; banks would be remiss to take a piecemeal approach to addressing rising threats. Still, we call your attention to some rising threats, including a recent FBI warning about ways hackers are circumventing multi-factor authentication. "Living off the land" techniques--where malicious activity is hidden within legitimate user and administrator behavior--are another rising concern; the longer a cyber-thief remains undetected, the worse the damage can be, of course. Ransomware demands and ransom-based denial of service attacks are also becoming more prevalent; an example of the latter is the recent barrage against South African banks. You should also be mindful of a growing demand by criminals for new malware, including the wildly popular, "Raccoon" infostealer, which can steal a wide range of data, such as credit card numbers. The best way to stay on top of all of this is to regularly read credible cybersecurity newsletters and ensure your IT team attends conferences regularly.

Q: Banks have been grappling with the burdensome task of collecting and verifying the identities of certain individuals who own or control legal entity customers. Can you tell me what's been happening from a legislative perspective?

A: Many smaller financial institutions have felt the burden of collecting this information from their customers, and many would welcome legislative relief. Whether and when this will happen, however, is unclear. While the House voted in October to pass legislation providing relief from "beneficial ownership" disclosure mandates, it's unclear whether it will pass in the Senate. The chair of the Senate Banking committee is seen as generally supportive of additional shell-company disclosure, but still, you may want to contact your local Senators to prod action.

Q: The latest earnings from some large banks show efforts to ramp up digital offerings. What are the main takeaways?

A: Success by the bigger banks in digital adoption and expansion underscores the need for smaller financial institutions to deliver an improved digital experience. Smaller financial institutions should continue to ramp up mobile features or risk customer disengagement. Research suggests that the majority of millennials do their banking online and adoption will only rise as even younger employees enter the workforce. Everyone uses digital tools, so you have multiple reasons to ensure your offerings are robust. Innovation will continue to drive the competition. Be sure to act and respond quickly or you may be putting your future at risk.

ON DEMAND HELP FOR FINANCIAL INSTITUTIONS

Financial institutions face many difficult challenges every year, but you are not alone. Our experts stand ready to help you address a variety of issues. Find out more about [our solutions](#) today.

Copyright 2021 PCBB. Information contained herein is based on sources we believe to be reliable, but its accuracy is not guaranteed. Customers should rely on their own outside counsel or accounting firm to address specific circumstances. This document cannot be reproduced or redistributed outside of your institution without the written consent of PCBB.