

IT Security: BITS' Initiatives

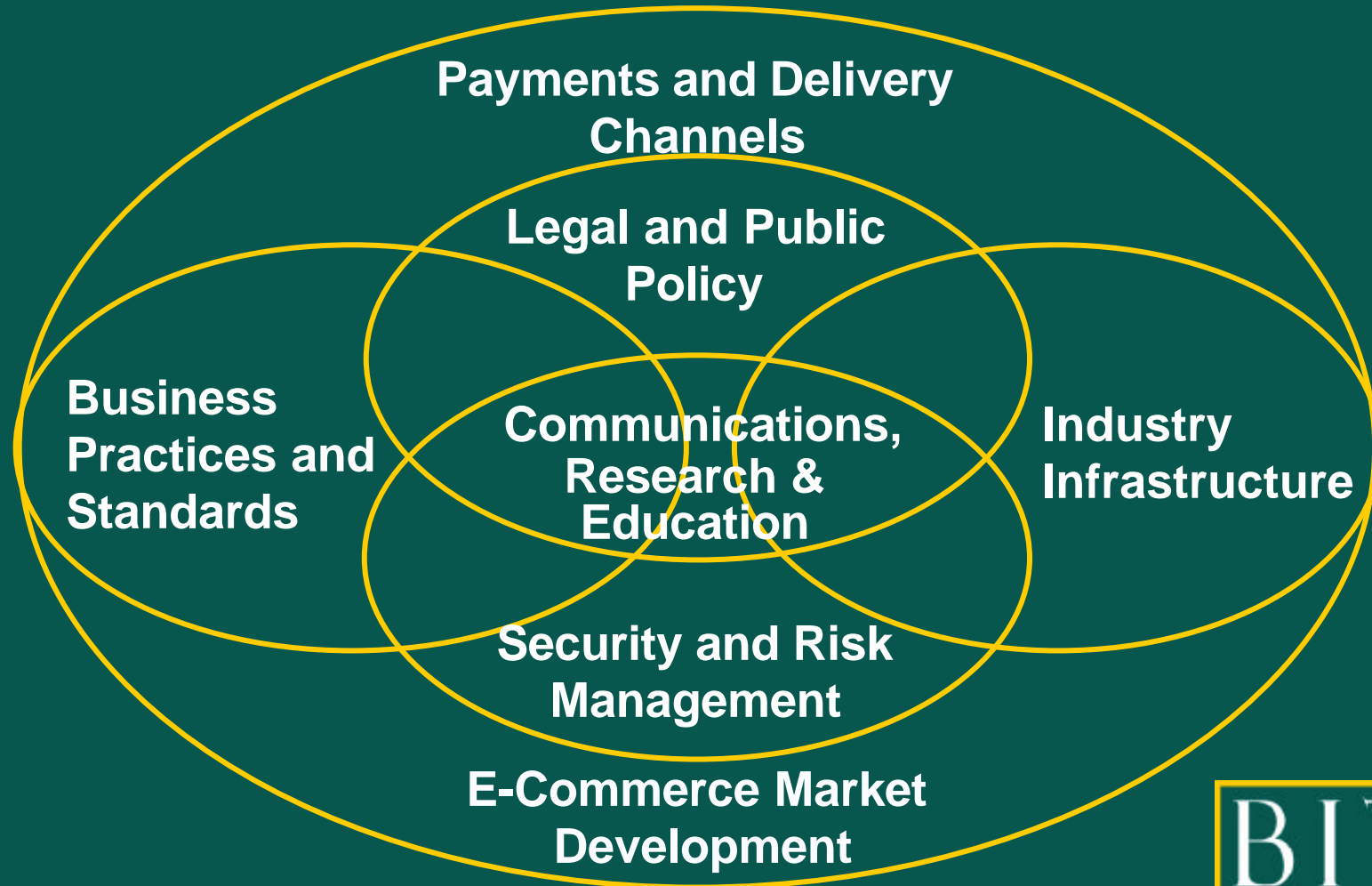
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The Open Group Conference -
Boundaryless Information Flow Keeping IT Secure
San Francisco, CA
February 3, 2003

A Bit About BITS

- CEO-created and CEO-driven Technology and Business Strategy Group
- Sister organization to The Financial Services Roundtable
- Founded in 1996 to address areas in which there is need for collaborative industry action
- Focuses on emerging technologies, payments and e-commerce
- Two membership categories:
 - BITS Members
 - BITS Affiliates

Imperative for Collaborative Action Exists in a Number of Areas



The BITS Value Proposition

- Addresses cutting edge issues from a CEO perspective.
- Marshals key players to respond quickly to industry issues.
- Provides strategic as well as tactical direction.
- Accomplishes as an industry what individual institutions cannot.
- Reduces the risk of legislation and regulation.
- Mitigates threats, reduces industry costs, identifies new business opportunities and increases revenue.
- Shares intellectual capital and enables peer-to-peer networking.

Examples of BITS Deliverables

- BITS FSR Crisis Communicator
- BITS FSR Crisis Management Process: *Members' Manual of Procedures*
- *BITS Voluntary Guidelines for Aggregation Services*
- *BITS Framework for Managing Technology Risk for Information Technology (IT) Service Provider Relationships*
- *BITS Guidelines for Mobile Financial Services*
- *Business Method Patents White Paper*
- *Consumer Privacy Research and Business Implications*
- *EA/ECP Business Model and Tool (Updated 2002)*
- *E-Insurance Technology Risk Transfer Gap Analysis Tool*
- *Fraud Prevention Technologies in a Truncation Environment White Paper*
- *Security Profiles and Testing Process for E-Commerce Products*

BITS Information Security Related Priority Initiatives

- **Crisis Management Coordination**
 - Telecommunications
- **IT Service Providers**
- **Security & Risk Assessment**
 - BITS Product Certification Program
 - Critical Infrastructure Protection
 - Operational Risk Management
 - Regulation / Compliance

Crisis Management

Initiative	Objectives	Benefits
Crisis Management Coordination	Develop short-term and long-term crisis coordination management strategies, with emphasis on preparation and communications	Security, reliability, continuity and protection of the Nation's critical financial services infrastructure

**BITS Contacts: John Carlson
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Crisis Management Activities

- **The BITS Crisis Management Working Group was formed to coordinate member crisis management activities to ensure we are prepared if a disaster were to occur today. Activities are focused in the following areas:**
 - **CEO Crisis Communications Coordination**
 - **Scenario Building**
 - **Event Management**
 - **Key Messages for Maintain Public Confidence**
 - **Best Practices**
 - **Liaison to Key Government Agencies and Critical Infrastructure Industries**

Crisis Management - Telecommunications Focus

- Develop a White Paper on critical issues and potential solutions to be used for discussions.
- Schedule CEO to CEO discussions with key vendors.
- Schedule CEO to Regulator discussions with key regulators.
- Draft letters addressing issues through business practices and public policies.
- Draft letters making issues known to the industry through business requirements.

IT Service Providers

Initiative	Objectives	Benefits
IT Service Providers	Reduce risk and liability; provide framework for FIs to negotiate and contract with service providers and outsourcers	Provide better control over business practices related to security and privacy; spread risk and liability

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BITS Framework for Managing Technology Risk for ITSPs

- **Intended for use as a guiding document and set of criteria against which IT service provider relationships can be effectively evaluated and managed.**
- **Intended to complement regulatory guidance and requirements; sets voluntary industry guidelines for risk-based management of IT service provider relationships.**

BITS ITSP Framework Elements

- **Framework Application and Flow Chart**
- **Business Decision to Outsource**
- **RFP Considerations**
- **Due Diligence Considerations**
- **Contractual, Service Level and Insurance Considerations**
- **Procedures Supporting Specific Controls**
- **Implementation and Conversion Plan**
- **Ongoing Relationship Management**

ITSP Framework Phase II

- **Education and Awareness:** Gain broad acceptance of the *BITS Framework for Managing Technology Risk for IT Service Provider Relationships* among key stakeholders.
- **Vendor Management:** Identify and share industry best practices and considerations for relationship and risk management of IT service provider relationships.
- **Crisis Management:** Update *BITS Framework* to include crisis management/business continuity issues for service providers.
- **Security Assessments:** Identify industry, regulatory and *Framework* requirements for third-party audits and assessments.
- **Cross-Border:** Identify industry issues and best practices related to cross-border outsourcing.

Security & Risk Assessment (SRA)

Initiative	Objectives	Benefits
Security and Risk Assessment	Enhance safety and soundness for FIs and their customers; address issues of operational risk; create security criteria for e-commerce products	Enhance e-commerce and payments security; share knowledge of successful strategies for development of secure infrastructures; reduce need for regulation or legislation

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SRA – BITS Product Certification Program

- Improve the baseline security of products that are used in the financial services industry.
- Provide an opportunity to leverage independent testing efforts including common criteria testing.
- Provide an outward facing seal to visibly identify products that meet the criteria.



SRA - Critical Infrastructure Assurance

- **Critical Infrastructure Assurance addresses the growing interdependencies between core sectors such as telecommunications, transportation, electric power and financial services in e-commerce and requires a partnership between providers, customers and intermediaries to ensure a secure environment.**
 - **National Strategy for Critical Infrastructure Protection**
 - **Cross Sector Cooperation through the Partnership for Critical Infrastructure Security (PCIS)**
 - **Financial Services Information Sharing and Analysis Center (FS/ISAC)**

SRA - Operational Risk Management

- **Develop a common body of high risk factors for the industry related to information security that influence operational risk models.**
- **Establish metrics and measurement methodologies.**
- **Provide sound practices for preventing the likelihood of occurrence and/or diminishing the resulting damage for information security risk events.**

SRA - Regulation / Compliance

- Analysis involves the SRA in sharing experiences on how regulators are interpreting the new cybersecurity and other security requirements, as well as the institutional impact of implementing these regulations
 - Gramm-Leach-Bliley Section 501B
 - FFIEC Information Systems Handbook pending update
- Periodic discussions with regulatory agencies to facilitate industry dialogue.

Appendix

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