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# MITIGATING CYBER RISK: WHAT THE BOARD & C-SUITE NEED TO KNOW



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World Council  
of Credit Unions



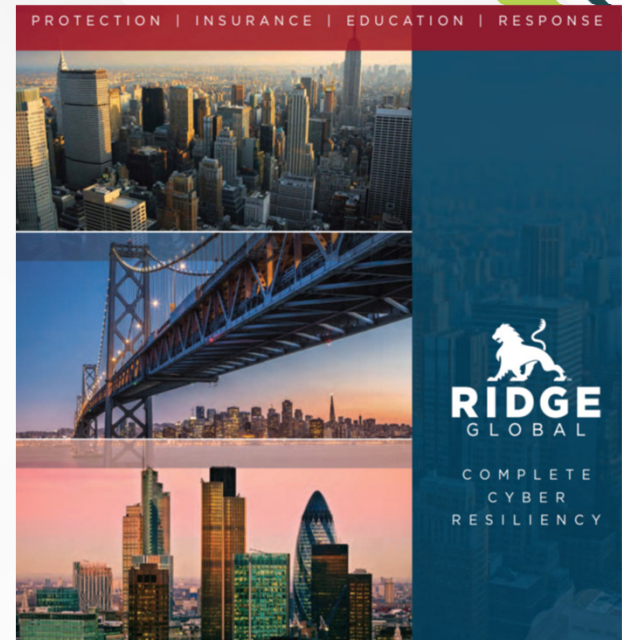
*Irish League*  
of Credit Unions



## ABOUT RIDGE GLOBAL

Ridge Global is the risk management advisory firm led by Gov. Tom Ridge, the first US Secretary of Homeland Security. Ridge Global works with companies and their executives around the world to reduce enterprise cyber risk and to build more resilient enterprises.

[www.ridgeglobal.com](http://www.ridgeglobal.com)



## KEY CONCEPTS

- ☐ Manage YOUR Risk Before the Risk Manages You
- ☐ Cybersecurity Is Not Just an I-T Issue
- ☐ Compliance does not equal security
- ☐ We must build & manage cyber resilient enterprises



# CREDIT UNIONS: TEMPTING TARGETS FOR GLOBAL RANGE OF NEFARIOUS ACTORS

105 Countries

57,480 Credit Unions

217,373,324 Members

\$1,792,935,093,480 (USD) of Assets



Source: *Statistical Report*, World Council of Credit Unions, Inc. (2014)



# 2016: ATTACKS PROLIFERATING

Ongoing concerns include:

## Phishing Attacks

- Email appears from trustworthy source
- Seeks confidential/sensitive information

## Business E-mail Compromise (BEC)

- “Man-In-The Middle” technique
- More than \$1.2 Billion stolen from 7,000 companies since 2013 (reported)

## Rise of Ransomware

- High profile attacks
- Actors incentivized
- Bit-Coin payments often sought





## BREACHES: BY THE NUMBERS

Verizon DBIR:

**700 million** compromised records

**70%** of attacks there is a secondary victim

Ponemon-IBM

**\$3.52–3.79M**

2014 – 2015 Increase in total average cost of a data breach

**\$215**

**Per record**

The cost of a data breach in the Financial Services sector according to Ponemon Institute

Sources: Verizon 2015 Data Breach Investigations Report (DBIR)  
Ponemon Institute-IBM 2015 Cost of Data Breach Study



# CYBER ON THE BOARD & IN THE C-SUITE

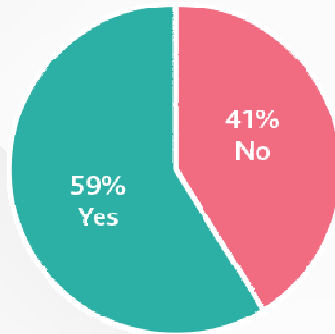
WHAT ARE LEADERS YOU CHARGED TO PROTECT?

- ☐ Revenue
- ☐ Customers/Members
- ☐ Employees
- ☐ Data
- ☐ Infrastructure
- ☐ Reputation/Brand

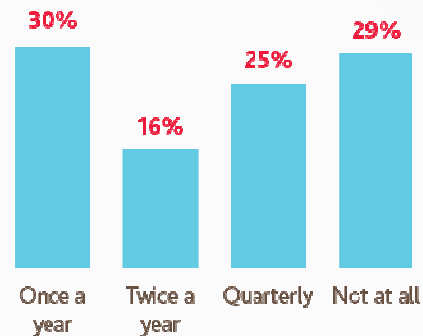
CYBER RISK EXISTS ACROSS THOSE ASSETS  
YOU ARE CHARGED TO PROTECT

## CYBER ON THE BOARD & IN THE C-SUITE

Is your board and/or risk committee more involved with cyber-security than it was 12 months ago?

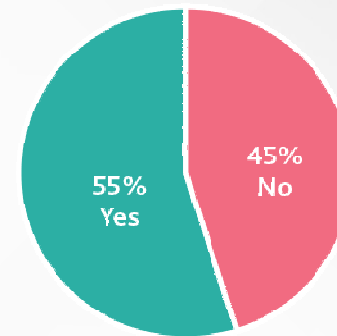


How often is your board briefed on cyber-security?



*\*More than two-thirds briefed at least once per year.*

Have you increased your investment in cyber-security during the past 12 months?



Source: PWC 2015 State of Compliance Survey



## CYBER ON THE BOARD & IN THE C-SUITE

CNBC Headline, Friday April 1, 2016:

**Execs: We're not responsible for cybersecurity**

“More than 90 percent of corporate executives said they cannot read a cybersecurity report and are not prepared to handle a major attack, according to a new survey.

More distressing is that 40 percent of executives said they don't feel responsible for the repercussions of hackings...”\*

\*Based on Tanium, NASDAQ-sponsored report



## CYBER'S C-SUITE LEVEL IMPACT

# TalkTalk

Baroness Harding, Talk Talk Chief Executive:

"Unfortunately cybercrime is the crime of our generation."

BBC News, 23 October 2015



Bangladesh Bank chief governor Atiur Rahman:

"We got scared. We were afraid. It was a cyber attack, like a terrorist attack."

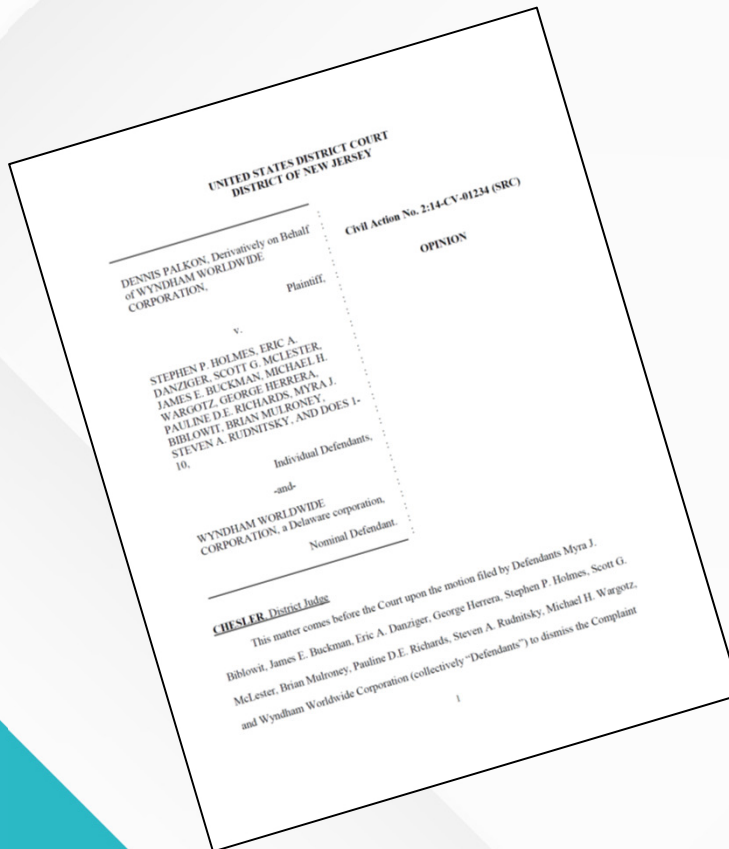
"We brought in world-class forensic experts from the US. This is why it took a little while."

Transcript: BBC World Tonight, 15 March 2016



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# BOARD MEMBERS UNDER SCRUTINY

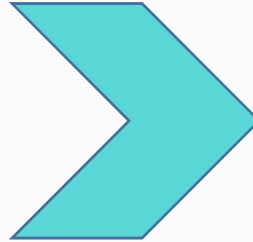


Advisen Cyber Risk Network  
November 14, 2014:

***“...the decision sets precedent as to the types of activities of which a board should be mindful when evaluating and implementing information governance and cybersecurity regimes as well as in responding to a cyber breach (including through public disclosures).”***

*Emphasis added*

# “THE BUCK STOPS HERE”



ACCOUNTABILITY ON CYBERSECURITY CANNOT  
SIMPLY BE DELEGATED TO THE I-T SECURITY TEAM

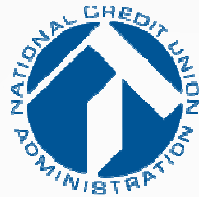
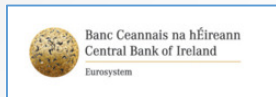


# BREACHES: NOT JUST AN IT PROBLEM

Customers  
Employees  
Regulators  
Shareholders  
Partners  
Vendors  
Law Enforcement  
Elected Officials  
Media



# TRENDING UP: GLOBAL REGULATORY PROLIFERATION



Worldwide Estimate:

~500 Regulatory bodies

US: Not just the Feds:

47 State Breach  
Notification laws



## CAUTION IN THE LEGAL/REGULATORY ZONE

*“Compliance  
does not equal  
security”*

- Standards developing and evolving
- Compliance can be just a minimum
- Adversaries do not “play by the rules”
- Must manage YOUR specific risk



**Howard A. Schmidt**

Former White House Cybersecurity Advisor  
Co-Founder, Ridge-Schmidt Cyber



# FILLING THE GAPS & MANAGING YOUR RISK

## 1. Manage your risk before it manages you

Protect the “crown jewels” of your institution

Assess Threats, Vulnerabilities and Consequences  
(to include third parties with access)

Understand the business impact

Know key roles and responsibilities across the enterprise



# FILLING THE GAPS & MANAGING YOUR RISK

## 2. Lead a Culture for Cybersecurity

Align Priorities and Resources

Understand YOUR compliance regimes and be compliant

Leverage available resources from Gov't / Professional Associations

But be more than just compliant

Educate everyone on their cyber responsibilities



# FILLING THE GAPS & MANAGING YOUR RISK

## 3. Ensure preparation for crisis response

Not a matter of “if,” but “when”

IT incident response plans and teams

Internal coordination protocols in place and exercised

Crisis communications plans (internal as well as external)



# FILLING THE GAPS & MANAGING YOUR RISK

## 4. Be resilient

Business continuity plans in place

Cyber insurance (read the fine print)

Continuous improvement through continuous engagement



# THE BIG PICTURE

*"The world is more **interconnected** and **interdependent** than at any time in history.*

*The threat surface has expanded in both the **physical** and **cyber** domains.*

***Opportunity** will come amidst **risk** and **conflict**.*

***Security** and **resilience**, therefore, are **21<sup>st</sup> Century imperatives** for leaders in business and government."*



**Tom Ridge**

First US Secretary of Homeland Security  
43<sup>rd</sup> Governor of Pennsylvania  
Chairman, Ridge Global



# THANK YOU

For more information about Ridge Global Cybersecurity Advisory Services for C-Suite leaders, board members, and senior executives, contact Chris Furlow at +1.202.833.2008 or by email at [cfurlow@ridgeglobal.com](mailto:cfurlow@ridgeglobal.com)

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