



Committee Update

May 21, 2014

New England Council Luncheon with Comptroller of the Currency Tom Curry

May 16, 2014 12:00 – 1:30 p.m.

Bank of America
225 Franklin Street
Boston, MA 02110

Meeting Summary

On Friday, May 16th, Comptroller of the Currency and former Massachusetts State Banking Commissioner Tom Curry joined the New England Council for a luncheon at Bank of America's Franklin Street offices. During his speech to the group, Mr. Curry discussed cybersecurity and efforts that bank regulatory agencies are undertaking to combat cyberattacks.

Curry noted that cybersecurity "affects virtually every business and every individual in America," a point brought most recently to the forefront with the incidents involving retailers Target and Neiman Marcus. Those events, Curry said, reminded banks "...that the vulnerabilities of others can damage their business and erode the trust of their customers." He also pointed to "a steady increase in malicious activity in the banking sector" in recent years, and warned that "[a]s technologies are leveraged in new ways, such as mobile payments, we will almost certainly continue to see cyberattacks evolve with them."

In terms of present threats, Curry worried that "because banks are increasingly interconnected, not only to each other but also to their customers, their suppliers, and to other critical infrastructures," the third parties that banks rely on are creating new access points for hackers. Furthermore, with consolidation among service providers, financial institutions are generally becoming dependent upon a single vendor, meaning that deficiencies at that individual vendor "have the potential to affect a large number of

banks simultaneously.”

This is particularly a concern for community banks, “many of which outsource their back-office operations to technology service providers and which often don’t have the resources that our largest institutions can devote to cybersecurity.” Curry said the Office of the Comptroller of the Currency (OCC) has made education for these firms a priority: actions thus far include briefings for banks, webinars, and support through the supervisory process.

He added that what concerns him most is that “...risk management practices haven’t always kept pace with the risks institutions take on” when it comes to third-party relationships. As such, [the OCC issued updated guidance last October](#) that focuses on risk management practices for critical activities throughout the lifecycle of the third-party relationship, stressing “the important role of the board of directors and management in overseeing” these relationships, including the establishment of clear accountability for day-to-day management and periodic independent reviews.

Additionally, Curry says that, as the current chairman of the Federal Financial Institutions Examination Council (FFIEC), he has created a working group on cybersecurity issues, and used the organization to get out an alert on the OpenSSL vulnerability (the Heartbleed bug).

In his closing remarks, Curry emphasized the need for collaboration and cooperation in combatting cyberattacks, and discussed the role that both the Financial Services Information Sharing and Analysis Center and the Financial Services Sector Coordinating Council are doing in the public and private sectors to “discuss emerging issues and best practices and to support cooperative efforts to deal with critical infrastructure issues facing the financial sector.”

Mr. Curry’s full remarks may be viewed [here](#).

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