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8/18/2022

Bank Tech Bytes

Stephen Reyes, Shareholder
Jason Keith, Manager

Roadmap

- *Metaverse from a Banking Perspective:* We will drop in to the Metaverse and visit a Bank
- *Vendor Management:* Continued emphasis for the foreseeable future
- *Exam Insights:* Information Systems getting enhanced scrutiny
- *Digital Banking:* An area of accelerating change
- *Regulatory Roundup:* Other insights to consider
- *Cyber Insurance:* Driving change and cost
- *Cybersecurity:* A few closing thoughts

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A walk through the Metaverse

nearly half of all digital asset owners bought, for the first time in 2021.

Goldman Sacks estimated Metaverse will be an $8 trillion market.

Regulator notification, due diligence/risk consideration

Michael J. Hsu, OCC Acting Comptroller, May 24 2022 Blockchain Summit

“I noted at the outset that the crypto economy appears to be hype-based. (Indeed, it seems hype and yield are to crypto as user engagement is to social media.)”

“There seems to be growing acknowledgement that yield farming today may have more in common with Ponzi schemes than with productive innovation.”

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- SOC Reviews
- CUEC's
- Due Diligence on Fintech
- Continued expansion of oversight expectations

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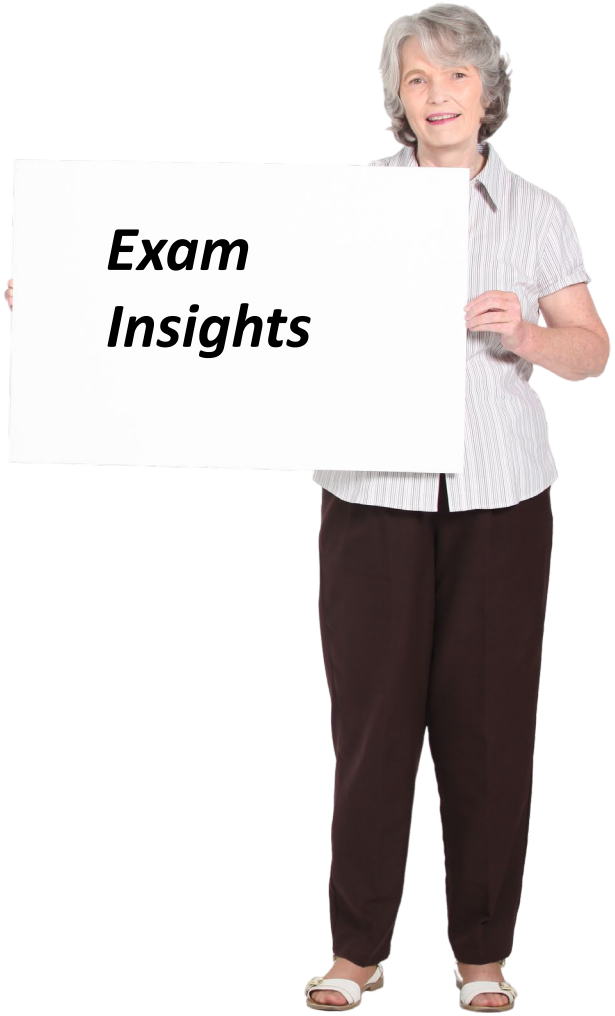
- New emphasis area of focus
- Workpapers
- Audit scope
- User access



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- Risk Assessment Enhancements
- Customer Permissioned Entities, API's
- Consumer Training
- Formalizing the Department
- Vendor Management (decoupling)

❖Cyber Incident Notification

- *The rule defines **computer-security incident** as an occurrence that results in actual harm to the confidentiality, integrity, or availability of an information system or the information that the system processes, stores, or transmits.*
- *A **notification incident** generally would include a significant computer-security incident that disrupts or degrades, or is reasonably likely to disrupt or degrade, the viability of the banking organization's operations, result in customers being unable to access their deposit and other accounts, or impact the stability of the financial sector. This may include a major computer-system failure; cyber-related interruption, such as a distributed denial of service or ransomware attack; or another type of significant operational interruption.*

- ADA Website
- Authentication and Access to FI Services and Systems
- Information Security Officer
- FIL 35-2022 (crypto)

March 2022, Justice Department Issues Web Accessibility Guidance Under the Americans with Disabilities Act

In comments August 2nd by acting Comptroller HSU. "Last August, through the FFIEC, we updated our authentication guidance to highlight how the base layer security approach of multifactor authentication, or controls of equivalent strength, can significantly strengthen controls to mitigate unauthorized access to systems and data. ***All financial institutions should implement effective multifactor authentication controls for access to all nonpublic systems, as even basic network systems can be entry points for malicious activity."***

FIL35-2022 - In dealings with crypto companies, FDIC-insured banks should confirm and monitor that these companies do not misrepresent the availability of deposit insurance.

- Climbing Rates
- Enhanced Detail Questionnaire
- MFA on everything

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- Smishing
- MFA Defeats
- M365 security

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