Agenda

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WORDS

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{ CONTEXT OF TREASURY }

NEW RANSOMWARE ATTACK HITS COMPANIES WORLDWIDE

As the second mass ransomware attack in two months, Petya, took its toll on businesses and infrastructure providers, investors were urged to confront companies that ignore cyberthreats.

A cyberattack emanating in the Ukraine, and which at the time of writing had affected firms in the UK, Russia, the US, the Netherlands and Norway, has also impacted transport and banking.

In the UK, advertising company WPP said technology in several of its companies was infected by the ransomware attack, and employees at shipping company Maersk were sent home from offices in Berkshire. Around 17 shipping container terminals belonging to Maersk subsidiary APM were impacted in the Netherlands.

In Russia, oil company Rosneft and steelmaker Evraz felt the affects of the virus, which bears similarities to the WannaCry malware that affected organisations worldwide in May.

The ransomware blocks access to computer files, with computer screens displaying a message stating that files can only be recovered by the attackers' decryption 'service', at a cost of $300 worth of Bitcoin.

A survey carried out by the Quoted Companies Alliance (QCA) and YouGov prior to the Petya attack found that, while nearly 90% of publicly traded small and mid-cap companies regard cybersecurity as a medium or high risk, warranting board-level consideration, a significant minority continue to regard it as a technical issue, with no requirement for board-level engagement.

Of those surveyed, most companies, 70%, have some degree of cybersecurity training. However, 29% do not, and 42% do not require their suppliers to meet their own cybersecurity standards.

Tim Ward, QCA chief executive, said: "This is a very important issue that companies should expect investors to probe. If a serious cyberattack were to hit a company, our survey suggests that over 30% of its market value is at risk – not something that any investor would welcome. Companies need to up their cybersecurity game and allay the fears of investors, their customers, their employees and their suppliers."

{ REGULATION }

MORE ANTI-MONEY LAUNDERING RULES AHEAD

Last month saw the final deadline for member states to bring the Fourth EU Anti-Money Laundering Directive (4AMLD) under local laws.

The directive requires financial institutions to make greater use of risk-assessment measures, with the aim of making it more difficult for terrorists to move money through the financial system. The directive also expands the definition of a politically exposed person and requires each state to have a central register of beneficial owners.

However, implementation of anti-money laundering rules is still a work in progress, since amendments to 4AMLD are ongoing, as are approvals.

Proposed amendments to 4AMLD are expected under a fifth EU directive, 5AMLD, or the 'Compromise Text', and cover:

- extending the scope of the directive to include virtual currencies;
- addressing the issue of anonymity in relation to prepaid payment cards for payments over €50;
- clarification of requirements to hold beneficial ownership registers, whereby member states have to hold adequate and accurate information on corporate and legal entities administered in their jurisdiction;
- measures to enhance cooperation and information-sharing among EU financial intelligence units; and
- a requirement to build consistent, EU-wide due-diligence approaches towards transactions emanating from high-risk countries.

"We'll almost certainly need an implementation period."

The UK chancellor of the exchequer, Philip Hammond (pictured above), used his Mansion House speech to outline a flexible and pragmatic approach to leaving the EU. He avoided using the term 'soft Brexit', but warned of the dangers of a cliff-edge departure.

SOURCE: *ECONOMIA*, 21 JUNE 2017

"Given the mixed signals on consumer spending and business investment, and given the still subdued domestic inflationary pressures, in particular anaemic wage growth, now is not yet the time to begin that adjustment."

Bank of England governor Mark Carney sets out the case for avoiding interest rate hikes.

SOURCE: *BUSINESS INSIDER*, 20 JUNE 2017

{ FINDINGS FROM THE McAFEE/OVUM SURVEY, *CLOSING THE CYBERSECURITY GAPS IN FINANCIAL SERVICES* }

73% of financial institutions report working with cybersecurity tools that reduce effectiveness and add cost

37% said working with and integrating different security tools was a significant pain point

37% **said they dealt with 200,000 security alerts daily**

47% said they believed only one in five alerts to be unique

67% **need better, not more, security tools**

{ CONTEXT OF TREASURY }

CYBERTHREAT TO FINANCE

Cybersecurity specialists within financial services are struggling to detect cyberbreaches quickly, and are hampered by a proliferation of ineffective security tools, according to a survey sponsored by security firm McAfee. A lack of big-data capability and more high-profile breaches are adding to the pressure, according to the report.

A total of 40% of respondents said uncovering cyberthreats was their first or second priority. However, in the report, *Closing the Cybersecurity Gaps in Financial Services*, conducted by Ovum for McAfee, 73% of financial institutions said they were working with over 25 cybersecurity tools, lengthening response times, reducing effectiveness and creating additional operational costs.

The report, which polled financial institutions globally, found that almost two-fifths of organisations dealt with over 200,000 security alerts a day, but that they do not believe all are unique (see 'Findings' above). "The barrier to entry for cybercriminals is extremely low – a multitude of cybercrime-as-a-service tools are easily available online, at little cost," said Nigel Bolt, vice president for UK and Ireland at McAfee.

The key to avoiding disaster scenarios is to have the capabilities in place to detect a threat in real time and correct damage before it has a chance to spread, Bolt said. "The industry as a whole needs to be thinking about how financial institutions can evolve to share intelligence. Banking security is not a competition point. To get it right, it must be a collaborative effort."

NUMBERS

£5.1bn
UK inheritance tax receipts for the year to May, the highest share of national income since the early 1980s

£100m
How much an unnamed financial services company has cut its pension liabilities by in six months, as more employees swap final salary benefits for a lump sum

$44.35
The price of Brent oil fell to its lowest level this year to date in the face of a persistent glut

5 million
The amount the UK population rose by between 2005 and 2016, according to figures released by the Office for National Statistics

29 years
British factories are experiencing their strongest export demand since August 1988, according to the CBI, as the weak pound boosts competitiveness

50%
The increase in the price of British strawberries if seasonal workers from the EU are restricted, according to the British Summer Fruits group

WHAT THEY SAID

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"You may say I'm a dreamer, but I'm not the only one."

DONALD TUSK, PRESIDENT OF THE EUROPEAN COUNCIL, CHANNELS JOHN LENNON AND SUGGESTS A WAY REMAINS OPEN FOR BRITAIN TO STAY IN THE EU

SOURCE: *THE TIMES*, 22 JUNE 2017

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