

**MBA's National Technology in Mortgage Banking
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IT Security as a Core Business Strategy

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Introduction

Corporate data
whether sensitive customer information or
proprietary business data
is the lifeblood of the mortgage industry -
driving business, marketing, and product
strategies
and the management of customer relationships

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Introduction

Unfortunately,
this data is the target
of an intense level of criminal effort
to steal and use the information
for illegal gain or disruption of business operations

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Introduction

- ❑ Why should IT security be considered a core business strategy?
- ❑ How can we measure cost against benefit for security initiatives?
- ❑ How can we keep pace with rapidly evolving security solutions?

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Security as a Core Business Strategy

- Common core business strategies
 - Exceed the expectations of customers and business partners
 - Safeguard customer information
 - Promote the secure and reliable operation of systems and processes
 - Minimize liabilities and penalties
 - Comply with laws and regulations

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Security as a Core Business Strategy

- “At Microsoft, we’re investing heavily in security because we want customers to be able to trust their computing experiences, so they can realize the full benefits of the interconnected world we live in”

...Steve Ballmer October 6, 2005

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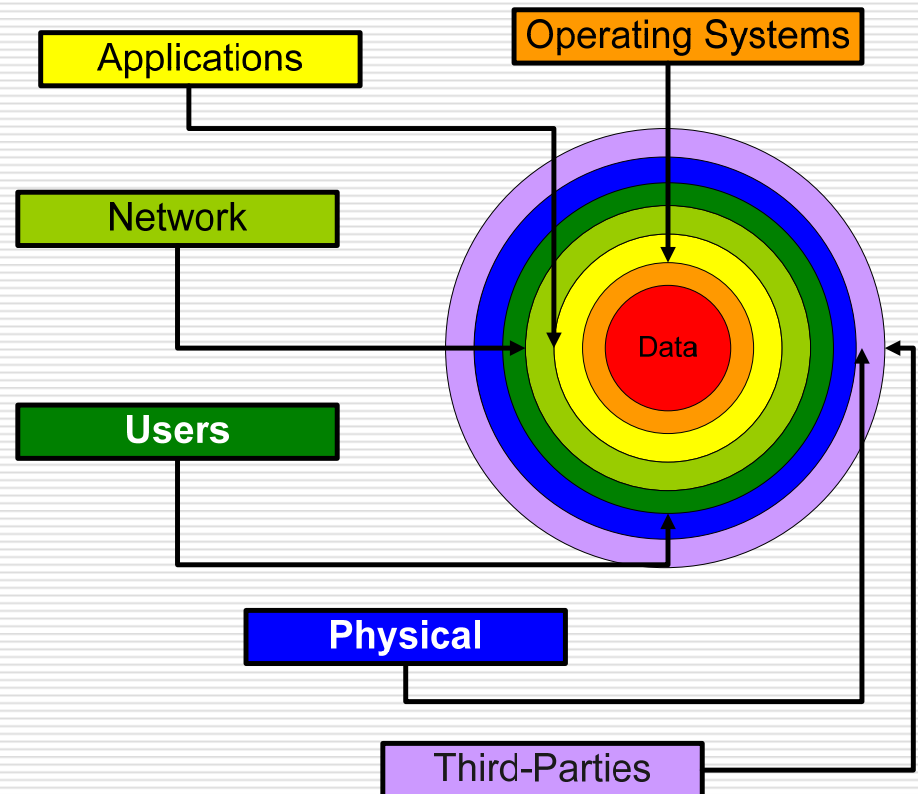
Security as a Core Business Strategy

- We bear social and ethical responsibilities to:
 - Ensure the security and confidentiality of customer information
 - Protect against any anticipated threats or hazards to the security and integrity of the information and systems
 - Protect against unauthorized access to or use of such information that could result in substantial harm or inconvenience to any customer or system
 - Insure our companies' reputations

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Cost-Benefit Measurement

- Costs can be expected in each of these areas:
 - Data
 - Operating Systems
 - Applications
 - Network
 - Users
 - Physical
 - Third-Parties



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Cost-Benefit Measurement

□ Costs:

- People (consultants, internal resources)
- Physical security (cameras, guards, etc.)
- Access control (physical and network)
- Virus protection/spam guards/spyware
- Intrusion detection systems & monitoring
- Business Resumption/Disaster Recovery
- Encryption tools (laptops, databases, email, etc.)
- Background checks – drug tests
- Clean desk requirements
- Education and training

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Cost-Benefit Measurement

- How can we measure cost against benefit for security initiatives?
 - In many cases, the cost-benefit equation is difficult because security initiatives are like insurance policies – you don't need them until you need them

However

- The penalties for not having a security program are severe

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Cost-Benefit Measurement

- Gramm-Leach-Bliley Penalties
 - Financial institutions are subject to a civil penalty of not more than \$100,000 for each violation
 - Officers and directors of the financial institution are subject to:
 - A civil penalty of not more than \$10,000 for each violation
 - Fines in accordance with Title 18 of the U.S. Code or imprisonment of not more than five years, or both

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Cost-Benefit Measurement

- More Gramm-Leach-Bliley Penalties
 - Financial institutions will also be subject to a number of sanctions:
 - Termination of FDIC insurance
 - Implementation of Cease and Desist Orders barring policies and practices deemed in violation of the Act's privacy provisions
 - Removal of the financial institution's management including directors, officers, etc. and potentially barring them, permanently, from working in the banking industry
 - Fines of up to \$1,000,000 or 1% of the total assets of the institution

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Cost-Benefit Measurement

- According to Privacy Rights Clearing House (www.privacyrights.org), between January 2005 and February 2007:
 - 104,106,513 records containing sensitive personal information have been involved in security breaches

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Cost-Benefit Measurement

- In 2007, U.S. Senators Patrick Leahy (D-VT) and Arlen Specter (R-PA) are expected to revive a version of their 2006 Personal Data Privacy Act
 - Penalties for non-compliance may include fines and 10 years in prison for trespassing in a “data broker’s” system
 - Five years in prison if a company or individual “willfully” conceals certain types of serious security breaches

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Cost-Benefit Measurement

- In 2007, U.S. Representative Lamar Smith (R-TX) is reintroducing his 2006 *Cybersecurity Enhancement and Consumer Data Protection Act*
 - The Act includes provisions for fines and up to five years in prison if information about a “major security breach” is withheld from the FBI or the U.S. Secret Service
 - Failure to notify those agencies within 14 days of discovering a breach, will result in fines of up to \$50,000 a day to the stewards of the information

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Cost-Benefit Measurement

- Penalties: a real case:
 - Event: ChoicePoint
 - 163,000 Consumers
 - 800 Cases of identity theft
 - Penalties
 - \$10,000,000 in civil penalties
 - \$5,000,000 to consumer redress
 - Must establish and maintain a comprehensive information security program
 - Must implement new procedures
 - Must conduct independent security audits every other year thru 2023

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Keeping Pace

- ❑ Sign up and monitor U.S. Computer Emergency Readiness Team alerts (www.us-cert.gov)
- ❑ Subscribe to CERT mailing lists (<http://www.us-cert.gov/cas/index.html>)
- ❑ Subscribe to IBM's Internet Security Service X-Force Threat Analysis Service (<http://xforce.iss.net/xftas/>)
- ❑ Subscribe to @Risk: The Consensus Security Alert (www.sans.org)
- ❑ Enroll in security training (i.e., SANS Institute training)
- ❑ Work with your local FBI and Secret Service
- ❑ Monitor legislation – Federal and State
- ❑ Attend security conferences (BlackHat, etc.)
- ❑ Work with your security vendors (Symantec, McAfee, Trend Micro, etc.)

MBA Security Presentation Questions

Questions?

MBA Security Presentation Conclusion

Thank You!