



INSIDER RISK FINANCIAL SECTOR

+31 70 22 11 940  Signpost Six  www.signpostsix.com

HIGHLIGHTS

In 2002, a disgruntled employee caused a \$3 million loss at an international finance company by deleting 10 billion files with a logic bomb. In 1992, unauthorised trades led to the collapse of the 233-year-old Barings Bank, which was subsequently bought by ING. Additionally, in 2020, a serious internal breach at the South African Post Office Bank forced a \$58 million expense to replace 12 million compromised bank cards.

KEY FACTS

- ✔ Highest average annual insider risk cost, at \$14.5 M
- ✔ 80% saw an increase in risk of insider fraud and data leakage while employees work from home
- ✔ On average, a financial services employee has access to nearly 11 million files
- ✔ Financial services are 300 times more likely to be the victim of a cyberattack than other types of companies

ABOUT US

As a leading insider risk firm, we secure employees & organisations via a holistic approach towards insider risk management vested in the best practices from across the globe. With our team of experts, we implement tailored solutions addressing every organisation's unique security challenges.

WHAT IS INSIDER RISK?

Insider risk refers to the potential for employees, contractors, or other trusted individuals within an organisation to intentionally or unintentionally cause harm, such as data theft, sabotage, or fraud. This risk stems from their authorised access to sensitive information, systems, or assets. Effective insider risk management combines proactive measures and employee training to safeguard the organisation's resources and reputation.



Fraud is ranked number one insider act within the financial sector. Insider fraud is perpetrated by a malicious insider, which is a current or former employee, contractor or other business partner who has or had authorized access to an organization's network, system, or data and intentionally exceeded or misused that access in a manner that negatively affected the confidentiality integrity, or availability of the organization's information or information systems.

Today's Security Challenges

- The context in which financial institutions operate has a drastic impact on the endurance of insider risks. The world of banking, for instance, has changed. Smart credit cards, online services, E-commerce applications, the outsourcing of information and applications, and the rapid growth of the number of third parties are a few examples of this change. The increasing need to rely on third-party systems for storing information and providing many of these digital services has made the financial world more susceptible to insider activity. Likewise, the shift to remote working across the world has introduced many challenges and barriers when it comes to monitoring employees. Around 80% saw an increase in the risk of insider fraud and data leakage while employees work from home. Currently, most financial firms have robust technical solutions in place to protect from external actors. However, people operating from within the scope of these technical controls are largely overlooked.

Risky Business

- The aftermath of an insider act within financial institutions has proved to be detrimental. Fraud conducted by managers and upper-level has an average of \$180,000 per instance. In addition, financial Institutions fall under several compliance regulations for data protection, especially when storing personal identifiable information or payment card information (PCI). When faced with data theft, unauthorised disclosures or fraud cases, fines tend to be colossal—organisations pay around \$243,101 to resolve malicious insider data breaches. Insider risks have shown great potential in undermining reputation and morale. For financial institutions, this is very problematic. The direct connection between reputation and customer trust in financial services is evident. Ultimately, people do not want to keep their money with an organisation they do not fully trust. While trust is hard to earn, it is easy to lose and organisations with poor insider risk management will continue to pay the price.

Act Now: Insider fraud is a growing peril in the financial sector, costing businesses dearly in both finances and reputation. Protect your organisation from internal threats with our robust insider risk management solutions at Signpost Six. Don't delay, contact us today to fortify your defences and safeguard your trustworthiness.