

# The threat of cyber-attacks on the banking industry

Kyle Thacker

2<sup>nd</sup> August 2024

# Cyber threat landscape in financial services

*“The financial sector is grappling with an escalating onslaught from cybercriminals” Tris Morgan (MD of security at BT)*

- The financial sector has seen a marked increase in the frequency and sophistication of attacks<sup>1</sup>
- Western banks’ cyber-attacks surged due to Russian hackers retaliating against sanctions<sup>2</sup>



Figure 1: Increase in rate of cyber-attacks targeting financial institutions

<sup>1</sup> <https://assets.sophos.com/X24WTUEQ/at/wn2jvpkn6n7w6xs343q536g/sophos-state-of-ransomware-financial-services-2024.pdf>

<sup>2</sup> <https://www.ft.com/content/cfeec015-60b2-4106-a279-4c74fbfd4d91>

# Emerging trends



- Ransomware attacks
  - Remains a critical threat to the financial sector with attacks sharply increasing in 2021
- AI and Machine Learning
  - According to the World Economic Forum, fewer than one in ten experts believe generative AI will benefit defenders more than attackers over the next two years
- Geopolitical tensions
  - State-sponsored actors are likely to target financial institutions to destabilize economies and gather intelligence<sup>3</sup>

<sup>3</sup> <https://www.linkedin.com/pulse/cybersecurity-outlook-2024-financial-industry-mikidana--yo5qc/>



# Recent high-profile attacks

- ABN Amro Bank NV – European lender<sup>4</sup>
  - May 2024
  - ABN Amro's data breach was caused by a ransomware attack on its supplier, AddComm, breaching client data
- Santander<sup>5</sup>
  - May 2024
  - ShinyHunters is selling stolen Santander data for \$2 million. Santander confirmed the breach but denied exposure of transactional data.
- ICBC (Industrial and Commercial Bank of China)<sup>6</sup>
  - November 2023
  - Faced a ransomware attack that disrupted US Treasury and equity trades, causing temporary liquidity issues



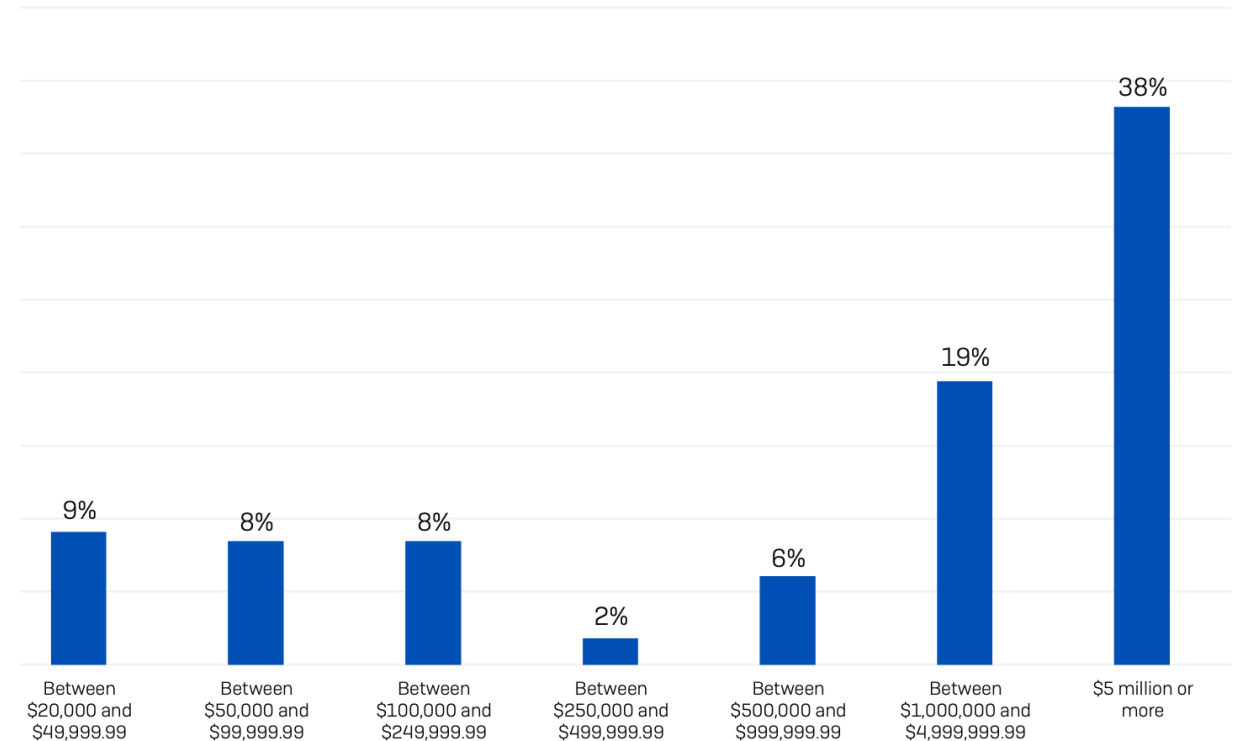
<sup>4</sup> <https://www.bloomberg.com/news/articles/2024-05-24/abn-amro-is-latest-bank-to-suffer-breach-after-hack-at-supplier>

<sup>5</sup> <https://www.ft.com/content/cfeec015-60b2-4106-a279-4c74fbfd4d91>

<sup>6</sup> <https://www.ft.com/content/8dd2446b-c8da-4854-9edc-bf841069ccb8>

# Impact of cyber-attacks on banks

- Financial losses
  - Immediate losses due to financial disruptions
  - Average ransom payment totalling \$3.3 million
- Reputation damage
  - Exploitation of sensitive personal information used for further attacks, eroding customer trust<sup>7</sup>
  - Repeated attacks can tarnish a bank's brand image, making it more difficult to attract clients
- Spillover effects
  - The impairment of any of the five most active U.S. banks will result in significant spillovers to others, with 38 percent of the network affected on average<sup>8</sup>



<sup>7</sup> <https://www.ft.com/content/a8b8de58-8691-4ece-ade3-5b7be63dbef2#comments-anchor>

<sup>8</sup> [https://www.newyorkfed.org/medialibrary/media/research/staff\\_reports/sr909.pdf](https://www.newyorkfed.org/medialibrary/media/research/staff_reports/sr909.pdf)

# Why are banks most affected?



- 20% more data than other sectors
- “More data means a large surface area to target and more potential blind spots”<sup>9</sup>
- Lack of cyber defence investment and strategy according to the IMF

<sup>9</sup> <https://www.ft.com/content/1e69ab42-813c-4729-aec9-89fe49853fa0>



# Regulatory and Supervisory Response

- ECB Cyber Stress Test
  - Test for 109 banks focused on response and recovery
  - Although there is a high-level ability to respond, there is “room for improvement”
  - Banks urged to prioritise investment in cyber security<sup>10</sup>



<sup>10</sup> <https://www.bloomberg.com/news/articles/2024-07-26/banks-need-to-prioritize-spending-on-cyber-defenses-ecb-says>

# Strategies for mitigating cyber risk



- Secure emerging technologies
  - As institutions rely on certain technologies, they must ensure they future-proof their cyber measures
- International coordination
  - G7 and G20 are working on harmonising cybersecurity standards<sup>11</sup>
- Collaboration
  - Collaboration across sectors is vital, where sharing intelligence and best practices is key to effective cybersecurity

<sup>11</sup> <https://www.cigionline.org/articles/mitigating-cyber-risk-across-financial-sector/>





25 Eccleston Yard, Eccleston Place,  
Belgravia, London, SW1W 9NF,  
[info@albanyinvestment.com](mailto:info@albanyinvestment.com)