Cyber Risk in the Financial Sector

Remarks at the Federal Reserve Bank of Atlanta's Financial Markets Conference

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The views are the author's and not necessarily those of the Federal Reserve System or the U.S. Treasury.

How cyber events can affect financial stability

Shocks

Cyber events; malicious events are cyberattacks

Vulnerabilities

Firm Level

Cyber events become cyber incidents

Vulnerability: weak controls, defenses, and recovery ability of firms

System Level

Cyber incident becomes systemic

Vulnerability: digital interdependencies, lack of substitutes for critical services, role of confidence

Implications

Systemic cyber incidents can affect financial stability

Cyber big picture

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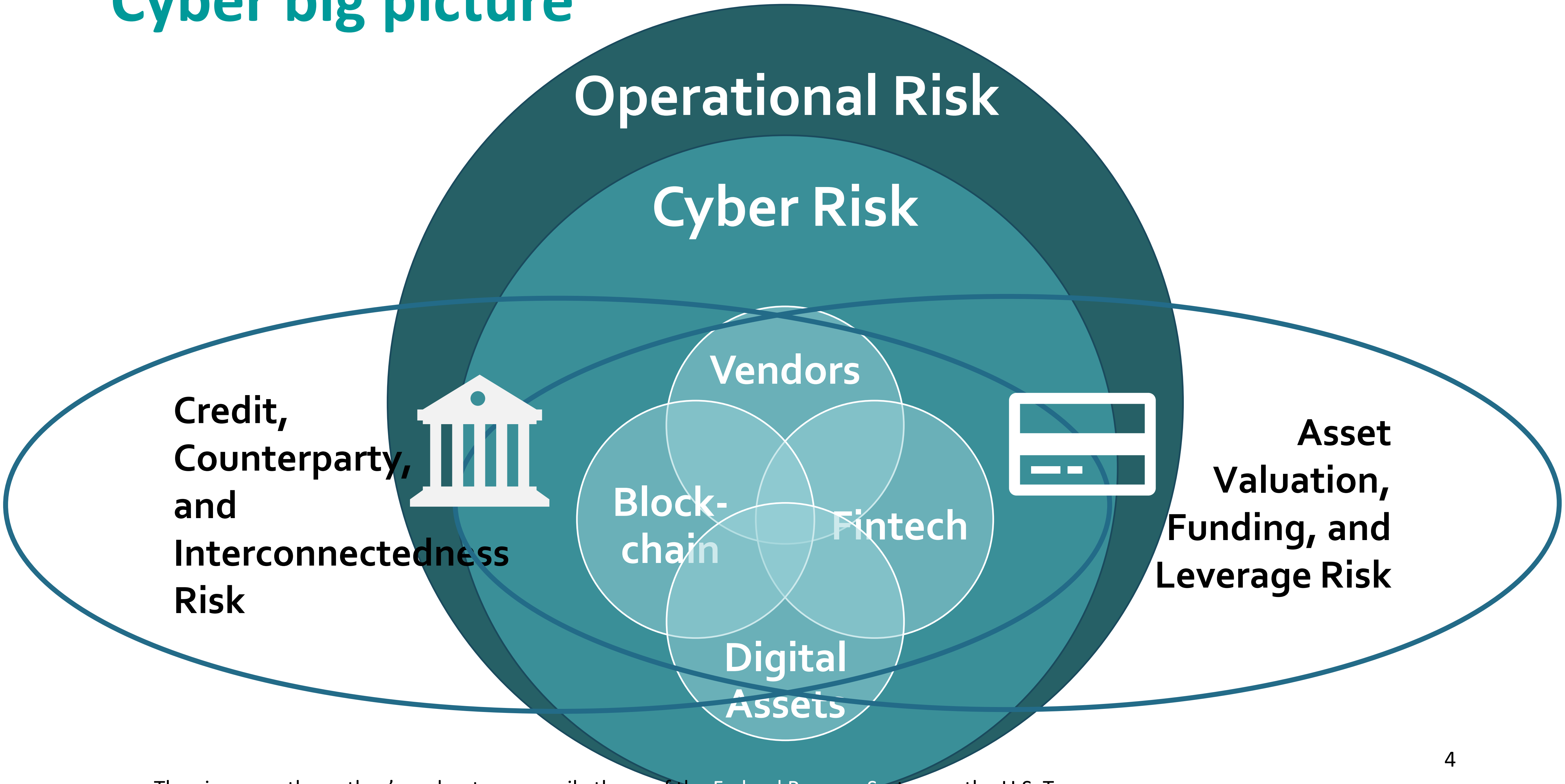
Cyber big picture



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Some recent initiatives

Mitigate vulnerabilities through supervision

Expanding resources and capabilities

Notification Rule for Banking Orgs and Bank Service Providers

Collaborate across the official sector

Response playbook and communications

G7, FSB, and other international exercises and collaboration

Monitor vulnerabilities to financial system stability

Cyber risk in *Financial Stability Report* and assessment

Cyber risk research

Expand understanding of cyber risk measurement

FRB Rich-Board-MIT collaboration

Data and metrics for measuring cyber risk