

# Financial institutions warned to guard against cyber attacks

Deputy Reserve Bank Governor, Francois Groepe, has urged financial institutions to be aware of cyber threats as they embrace technological advancements.



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Speaking at the Innovation and Cybersecurity Conference at the Sandon Convention Centre, the deputy governor said the world is changing at an exponential rate.

“This era offers many opportunities and government agencies, in collaboration with business and the wider society, can play a critical role in leveraging these opportunities to the benefit of all humankind,” he said.

## Wave of innovation

Groepe said the financial services industry is seeing a wave of innovation.

“We cannot engage in conversations about the remarkable amount of innovation taking place in the financial services industry without addressing the cyber threats that we also face,” he said.

Technological innovation, he said, was also proving to be disruptive to the sector.

“It is becoming evident that the ever-accelerating pace of emerging technological innovation, notwithstanding all its advantages, is disruptive to the financial services being offered by financial institutions, and it also poses some challenges for regulators. Innovation introduces new players to the financial services industry and enables incumbent industry participants to expand the scope of their financial offerings.”

Groepe said innovation generally leads to the expansion of markets, while ensuring greater efficiencies. This innovation could also potentially result in lower costs for the end user of financial products and/or services.

Financial institutions must keep up with pace of change if they are to survive.

## **Cyber threats**

“Environmental forces such as innovation invariably create both threats and opportunities for all the role players, no less so than in the financial industry. As financial institutions and infrastructure service providers evolve to keep up with the pace of technological change such as application programming interfaces, distributed ledger technologies, artificial intelligence and cloud-computing, just to mention a few, sophisticated cybercriminals continue to target banking and payment systems.”

This, he said, has the potential to disrupt their operations and potentially cause harm to the broader financial system and even the entire economy.

Groepe said it is important to understand cyber threats that pose a risk to innovation.

“It is thus essential that these kinds of risks are well understood and that all financial institutions and market infrastructures are secured against cyber-attacks. The financial services industry should strive to have cybersecurity practices in place that are agile and responsive to emerging cyberspace activities and developments,” said Groepe.

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