THE POWER OF BEING UNDERSTOOD

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CYBER CRIME

Jason Stinchcombe, Audit & Technical Partner

Lloyd Kirby, Business Advisory Partner

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Cyber crime, risk and security

- IT systems are more dispersed and interconnected - yet more integral to our lives than ever before.
- The level of cyber attacks reported (and unreported) is growing
- Estimated cost to the NZ economy in 2015: NZ$257m
- The biggest:
  - ➔ Ransomware
  - ➔ Phishing and whaling: increasing sophistication
- Biggest challenge:
  - ➔ User awareness

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Cyber security

The impacts of a successful attack

- **Financial loss**
  - ➔ Insurance products available, but need to understand requirements
- **Reputational loss**
  - ➔ Especially where privacy details lost
- **Business interruption**
  - ➔ Normal processes will generally be disrupted to contain loss
- **Time!**

Security fundamentals

Install protection	A powerful, effective security solution installed, either an antivirus or a full security suite.
Stay up to date	No operating system or application is perfect Be sure to have Automatic Updates turned on in Windows, and keep other browser-related technologies like Java and Flash updated too
Wireless network safety	Ensure your own is secured Be cautious around using free WIFI for business purposes
Don’t be fooled!	Never click a link in an email ad; just go to the site directly Look for the padlock that indicates a secure (HTTPS) connection

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Security fundamentals

Don’t save personal details	Instead, use a password manager that includes automated web form filling
Don’t over share	Don’t fill in any fields that aren’t absolutely necessary Don’t submit highly sensitive data like your bank account number
Skip the debit card	Credit cards offer protection that you don’t get from debit cards
Make sure you update rights to people when they leave	Not just the main system, but any cloud based solutions you may use too! (Xero, Salesforce.com etc.)

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Let your browser help

- For Internet Explorer, turn on the SmartScreen filter
- “Block reported forgeries” does the job in Firefox
- Chrome users should “enable phishing and malware protection”
- In Opera “enable Fraud Prevention”

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Security is something that requires an “always on” mindset and a full 360 degree approach

How do you do this? Here are some basic tips:

1. Be aware of the risks and tactics used by attackers:

➔ Make sure software has the latest updates installed

2. Ensure your devices are password protected

3. Treat customer information as you would your own private data

4. Ensure staff are aware of security protocols. Set up a meeting to discuss the rules when it comes to passwords, the use of BYOD, downloading files and opening attachments in emails

5. Have robust and tested policies and procedures in place – and make sure these stay up to date!

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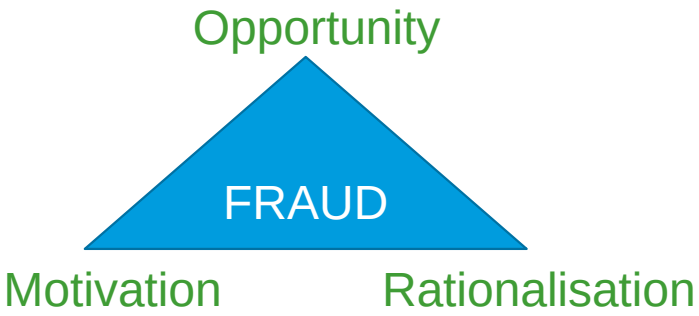
What about internal crime through technology?

Unfortunately employees can be the culprit!



- Theft/personal use of information
- Misappropriation of funds
- Make sure your electronic payments processes are appropriate
  - ➔ Especially source, security and access controls around bank account data

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AML – ANTI MONEY LAUNDERING

The issue…

1. Money laundering & Terrorism Financing are growing international problems
2. NZ a member of the Financial Action Task Force
3. NZ not immune
4. NZ legislation = The Anti-Money Laundering and Countering Financing of Terrorism Act 2009
5. Phase 1 commenced in 2013
   - ➔ Applies to Banks, casinos, certain financial advisers etc.
6. Phase 2 now coming

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Phase 2 extends the regulation to cover…

- Lawyers
- Accountants
- Real estate agents / conveyancers
- Other gambling sector operators
- Dealers in high value goods including:
  - ➔ Auctioneers
  - ➔ Bullion dealers
  - ➔ Jewellers, precious metal and stone dealers
  - ➔ Motor vehicle and boat dealers
  - ➔ Antique & art dealers
  - ➔ Second hand dealers and pawnbrokers

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Implications

Will require:

- Appropriate policies, procedures, team education, & monitoring
- Carrying out risk assessments
- Confirming customer's identities
- Reporting suspicious transactions to the Police's Financial Intelligence Unit
- Audit of your risk assessment and programme every two years

But:

How prescriptive and heavy?

= Compliance and Cost

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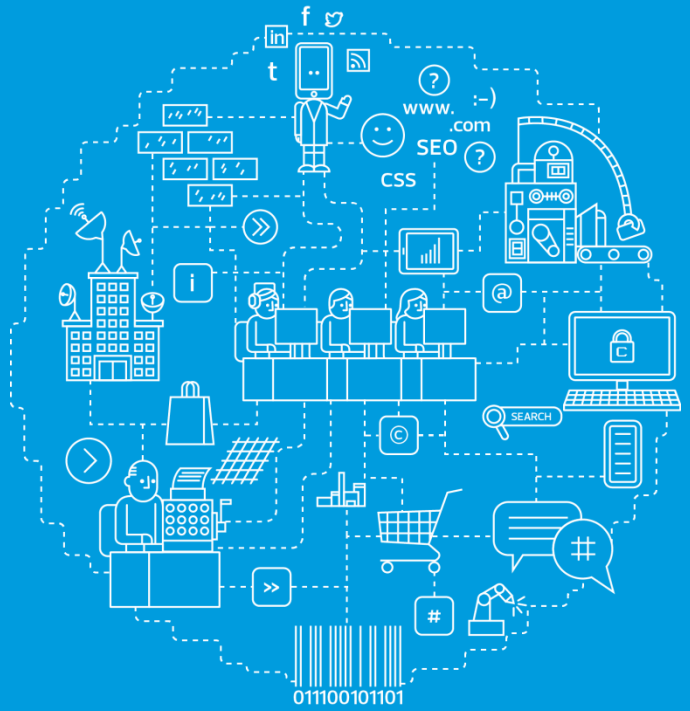
Timing…

- The Government intends to have the Bill passed by July 2017, effective 1 July 2018 for lawyers and others in a phased approach no later the 1 July 2019

- May be opportunity for more input

  ➔ Submissions to Parliamentary Select Committee



Collaboration. Understanding. Ideas and insight.

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Contact

Jason Stinchcombe
Audit & Technical Partner
jason.stinchcombe@rsmnz.co.nz
(09) 367 1658

Lloyd Kirby
Partner
lloyd.kirby@rsmnz.co.nz
(09) 414 6262

www.rsmnz.co.nz

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QUESTIONS AND ANSWERS?

THANK YOU FOR YOUR TIME AND ATTENTION