
BITS BULLETIN

A REPORT OF ACTIVITIES FROM BITS, THE TECHNOLOGY GROUP FOR THE FINANCIAL SERVICES ROUNDTABLE

SEPTEMBER 1999

**A SPECIAL REPORT ON
THE FINANCIAL SERVICES SECURITY
LABORATORY**

SECURITY LAB GOVERNANCE COMMITTEE

Dan Nealis, Chase Manhattan Bank, *Chair*
Rhonda MacLean, Bank of America
Bill Sentenac, Wells Fargo & Company
BITS: Faith Boettger, Peggy Lipps
Global: Anish Bhimani, Byron Yancey

The BITS Bulletin is designed to keep the membership of The Financial Services Roundtable fully informed about the activities of BITS and rapidly evolving developments in electronic commerce and payments.

BITS MISSION

The BITS Mission is to foster the growth and development of electronic banking and commerce in an open environment that will encourage greater choice and efficiency in financial software, access devices, networks and processing capabilities for the benefit of financial institutions and their customers. Throughout its work, BITS will seek to enhance financial institutions' roles as trusted intermediaries. BITS will facilitate development of superior market-driven technologies that will strengthen the financial service customer relationship, enhance brand value, and maintain the industry's position at the heart of the payments system.

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FINANCIAL SERVICES
R O U N D T A B L E

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LETTER FROM THE CEO

The Grand Opening of the BITS Financial Services Security Laboratory on July 28, 1999 was a great moment in BITS' history. This issue of the *BITS Bulletin* provides a complete report on all the activities of that day—the opening program, tours of the lab, and the Capitol Hill Briefing and Reception later that day.

The Lab opened less than six months after BITS' selection of Global Integrity/SAIC to manage the Lab. Since its opening, Security Lab marketing efforts have taken center stage. We have verbal commitments from several major technology providers who want to become early partners in this important endeavor. We look forward to being able to announce shortly some of the names of companies who have joined as Founding Members of the BITS Lab. (*Details on how to obtain more information on Lab membership are found elsewhere in this issue.*)

A few days after we celebrated the BITS Security Lab's opening, several of us represented BITS in providing testimony before the House Banking Subcommittee on Domestic and International Monetary Policy. Rep. Spencer Bachus (R-Ala.) chaired the hearing on August 3rd. The hearing was timed with the release of a year-long study by the GAO that reported inadequacies in the security of banks' Internet operations, especially smaller banks. The GAO report said that 36% of institutions with \$1 billion or less in assets had no security policy in place, compared with 22% of institutions above \$1 billion.

Peter Browne of First Union Corporation and Steve Katz of Citigroup joined me in presenting this testimony. Both have been heavily involved in the Security Lab project—Peter as Co-Chair of the BITS Security and Risk Assessment Steering Committee, and Steve as both a member of the Steering Committee and the Financial Services Sector Coordinator for the Information-Sharing and Analysis Center (ISAC). We pointed out to the House Committee that no bank has reported a serious security breach or loss of customer funds in online banking services. We emphasized that security is a shared responsibility. We outlined things that consumers can and should do in order to assure the security of their online transactions. And, we gave information on how the Security Lab will strengthen the security of electronic banking and commerce and will maintain the highest standards.

I want to take this opportunity to again thank, on BITS' behalf, all the people who helped guide this effort to make the July 28th opening possible. They include many people from the federal government, the technology sector, financial services, and other private enterprises. Bill Randle, Peter Browne, Dan Nealis, Steve Katz, Rhonda MacLean, Richard Feingold, Bill Sentenac, Roger Callahan, Michael Foster, Eric Guerrino, Dave Murnan, Keith Rodgers, Robert Vonderheid, Peggy Lipps, Faith Boettger, Barbara Harrelson, John Burke, Stephanie Cutler, Harvey Weiss, Bill Marlow, Byron Yancey, Anish Bhimani...and so many more have worked for many months to make this happen.

We especially want to thank those who participated in our Grand Opening Program: Senator Robert Bennett, former Senator Sam Nunn, Richard Clarke, Jerry Hultin, Greg Baer, along with Bob Gillespie, Jim Blanchard, Spence Eccles and Steve Bartlett. It was a great day and your participation made it even more memorable.

Catherine A. Allen