

BITS

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

For Immediate Release

Contact:

Susanna Space
505-466-6434
susanna@fsround.org

BITS ISSUES FINANCIAL SERVICES INDUSTRY EXPECTATIONS FOR IT SERVICE PROVIDERS

Washington, D.C. January 20, 2004 — BITS, a nonprofit consortium of the 100 largest financial institutions in the US, today announced the publication of security-related expectations for information technology service providers. One of a series of BITS publications seeking to streamline the service-provider evaluation process and help financial services companies manage outsourcing risk, the *BITS IT Service Provider Expectations Matrix* was developed with input from IT service providers, government agencies, and audit and assessment organizations.

Applicable to both domestic and cross-border relationships, the *Expectations Matrix* provides financial institutions, service providers, and audit and assessment organizations with comprehensive and consistent expectations to reduce risk. The *Expectations Matrix* outlines in detail financial institution expectations for the security of information and personnel, as well as policies and processes for ensuring physical security. The expectations also address critical disaster recovery/business continuity issues necessary to ensure products and services are supported by and coordinated with service providers.

“Ensuring the safety and soundness of the financial services we offer is fundamental to our industry,” said BITS Chairman James E. Rohr, Chairman and Chief Executive Officer of The PNC Financial Services Group. “The *Expectations Matrix* introduces a new level of efficiency and common sense into the complex service-provider evaluation process. The *Expectations Matrix* is also a key self-regulatory measure that underscores the industry’s commitment to the security of the financial services infrastructure.”

“Today BITS member companies spend enormous resources evaluating their service providers at the individual institution level. The *Expectations Matrix* is an outstanding tool that helps institutions streamline that evaluation process by defining common industry requirements,” said Catherine A. Allen, CEO of BITS.

When applications, systems and services are outsourced, service providers are directly responsible for establishing controls and security for those products and services. However, responsibility for reputation, transactional, regulatory and other risks remains with the receiver company. The *Expectations Matrix*, a 33-page spreadsheet, outlines in detail service-provider practices, processes and controls relevant to financial services industry and regulatory requirements. While the specific controls and requirements will vary with risk and with the nature of an outsourced service, the

expectations provide a template for the information financial institutions need in order to understand and manage risk.

“Because institutions must have assurance of the safety and soundness of their services, BITS created the *Expectations Matrix* to address critical security and privacy concerns,” said Lari Sue Taylor, Senior Vice President, FleetBoston Financial Corporation and Co-Chair of the BITS IT Service Providers Working Group. “The *Expectations Matrix* helps provide a road map for third-party vendors and audit and assessment organizations to ensure the required controls exist.”

Viveca Ware, Director of Payment Systems for the Independent Community Bankers of America and Co-Chair of the BITS IT Service Providers Working Group, said, “The *Expectations Matrix* has tremendous value for both large and small institutions in streamlining the outsourcing evaluation process. It also is a key tool for service providers, as it helps them clearly demonstrate their commitment to addressing the financial services industry’s concerns.”

“Financial institutions must identify, understand and validate the controls at service-provider sites that house, process or transmit financial institution information,” said Jennifer Smith, Senior Vice President and Audit Director at Wells Fargo & Co. “BITS members now are working to leverage the *Expectations Matrix* to objectively report on service-provider controls. Financial institutions can then use the report in their subjective analysis of the service provider.”

The *Expectations Matrix* builds on the *BITS Framework for Managing Technology Risk for IT Service Provider Relationships*, which comprehensively addresses most aspects of managing IT control, design and management practices for IT outsourcing. The *Framework* is based on BITS Working Group members’ interpretation of regulatory requirements and industry best practices. The *BITS IT Service Provider Expectations Matrix* and the *Framework* are both available at the BITS website at www.bitsinfo.org/wp.html.

About BITS

BITS was created in 1996 to foster the growth and development of electronic financial services and e-commerce for the benefit of financial institutions and their customers. A nonprofit industry consortium that shares membership with The Financial Services Roundtable, BITS seeks to sustain consumer confidence and trust by ensuring the security, privacy and integrity of financial transactions. BITS works as a strategic brain trust to provide intellectual capital and address emerging issues where financial services, technology and commerce intersect. For more information about BITS, go to www.bitsinfo.org.

For additional information, contact:

Susanna Space, 505-466-6434 or susanna@fsround.org