

# Audit of cybersecurity supervision for financial service providers

## Swiss Financial Market Supervisory Authority

### Key facts

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The Swiss Federal Audit Office (SFAO) carried out an audit at the Swiss Financial Market Supervisory Authority (FINMA) with the aim of examining the efficiency and effectiveness of cybersecurity supervision for financial service providers.

On 8 December 2017, the Federal Council adopted the national strategy for critical infrastructure protection (CIP) for the period 2018 to 2022. Two of the 27 defined sub-sectors are supervised by FINMA: financial services and insurance services.

#### **Overall progress of provisions in Switzerland is slow**

The mandatory rules for banks and securities dealers issued by FINMA in 2017 are appropriate. However, gaps have existed for years in the overall cyber-risk provisions and concrete measures are making slow progress due to unclear responsibilities and competencies. For example, a functioning crisis organisation is still being established and regular cross-sectoral exercises on cyberattacks have been conducted only once.

#### **Supervision depends on available resources**

Supervision of cyber-risks, one of the six main risks for FINMA, has been steadily developed with the resources available. Not all of the planned activities in this area have been carried out or implemented yet. FINMA acknowledged this and made organisational and formal adjustments at the beginning of 2020. Nevertheless, there is still a risk that supervision will not be based the planned activities, but will instead depend on the available resources. Efficiency gains could be achieved in the recording and evaluation of audit results.

#### **Banks' duty to report cyberincidents insufficiently respected**

Banks have failed to comply adequately with their duty to report cyberincidents. Failure to report has had no consequences for those supervised, even though appropriate mechanisms were in place. FINMA thus lacks a significant source of information on cyber-risks at institution level.

This situation is accentuated by the fact that the banks refuse to allow FINMA direct access to MELANI (Reporting and Analysis Centre for Information Assurance). Intensifying onsite inspections, as recommended by the SFAO, could partially remedy these shortfalls.

**Original text in German**