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THEDIALOGUE

FEATURED Q&A

Are the Region's Banks Protected From Cyber Crime?

Last year in Brazil alone, cybercrime costs reached an estimated $8 billion, with Mexico following at $3 billion, Melissa Diaz writes below. // Image: Colin via Creative Commons.

Q Latin America is likely to see an increase in cybersecurity threats over the coming year, executives of Kaspersky Lab said Aug. 30 at a conference in Mexico. Criminals are moving away from just stealing information like credit card numbers and are moving toward infecting computers and seeking ransom payments, according to the software security firm. How well protected are Latin America's banks from cybercriminals? Do laws and regulations in the region provide enough protection for consumers who use online platforms for financial transactions? What are the biggest emerging cyberthreats to Latin America's financial services industry?

A Jarrett Benavidez, vice president for the central United States and Latin America at BeyondTrust: "Latin American banks continue to be the most progressive adopters of cybersecurity among companies in the region. The strained economic condition of Latin American countries has resulted in reduced technology budgets, but large banks have kept security at the forefront of their strategic planning. This is partially a result of national cybersecurity initiatives and legislation, which now exist across most of the region. Nevertheless, the relative investment in cybersecurity in Latin America as compared to other global regions is insufficient, and consumers are being left exposed to both traditional and new threats. Moreover, the ineffectiveness of perimeter protection approaches is further complicated by companies' increased adoption of mobile and cloud technologies. These technologies have improved the customer experience, yet have expanded the potential cyberattack surface, leaving businesses even more

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Haiti Postpones Presidential Vote After Hurricane

Haiti's electoral council postponed the country's long-delayed presidential election after Hurricane Matthew slammed into the country, causing destruction and several deaths.

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Codelco Delaying $2.5 Billion in Investments

The state-owned copper miner said it was postponing the investments amid low international prices for the metal.

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Brazil's Lula Faces New Graft Charges

Federal police in Brazil recommended that prosecutors file formal charges against former President Luiz Inácio Lula da Silva related to claims he helped his nephew's construction company win government contracts. Lula was previously implicated in the massive corruption scandal at state-run oil company Petrobras.

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Lula // File Photo: Lula Institute.

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POLITICAL NEWS

Haiti Postpones Election as Hurricane Kills at Least 39

Haiti's electoral council on Wednesday postponed the country's long-delayed presidential election, which had been scheduled for Sunday, after Hurricane Matthew slammed into the country's coastline, causing several deaths, NPR reported. The powerful storm pummeled the impoverished country with 145 mile an hour winds, making landfall Tuesday on its southwestern peninsula. The storm is blamed for at least 39 deaths, 35 of them in Haiti and four in the Dominican Republic, Reuters reported. Haiti's presidential election has been delayed before. A first-round vote was held on Oct. 25, 2015, but human rights activists and opposition leaders said the vote was marred by vote rigging and other fraud. A runoff was scheduled for Dec. 27, 2015. However, that vote was delayed to January and ultimately was never held, leading to protests. On Feb. 7, then-President Michel Martelly's term ended, and he stepped down. Jocelerme Privert, who was then president of the country's Senate, was sworn in as interim president. Matthew is the strongest hurricane to hit the Caribbean since Hurricane Felix hit in 2007, Reuters reported. In Haiti and the Dominican Republic, Matthew caused widespread damage, including devastation to homes, crops and livestock. Many of the deaths occurred when victims were struck by flying debris and falling trees and as rivers swelled. Late Wednesday, the full extent of the damage was unclear, particularly in Haiti, where the hurricane washed out roads and took down phone communications, the Associated Press reported. The storm churned northward into the Bahamas early today. As of 8 a.m. Eastern Time, the eye of the hurricane was located about 30 miles south-southwest of Nassau, according to the U.S. National Hurricane Center. Matthew was moving northwest at 12 miles an hour with maximum sustained winds of 125 miles an hour. Several watches and warnings are in effect in the Caribbean and in the southeastern United States. The storm could hit Florida late tonight and then sideswipe the East Coast north up to the Carolinas over the weekend, the AP reported. Nearly two million people in the southeastern United States have been urged to evacuate their homes. "If you're able to go early, leave now," warned Florida Governor Rick Scott.

BUSINESS NEWS

Chile's Codelco Delaying $2.5 Bn in Investments

Chilean state-operated copper miner Corporación Nacional del Cobre de Chile, or Codelco, said it will postpone plans to invest $2.25 billion in projects aimed to help maintain production levels as the miner grapples with low copper prices, The Wall Street Journal reported Wednesday. The company, which is the world's biggest copper producer, has a multi-billion dollar spending plan that will target aging mines in order to prevent any drop in production levels. The original spending plan had called for $25 billion in investments, but was later adjusted to $20 billion. Codelco said in a company newsletter that its board of directors had agreed to delay some spending so as to ensure the sustainability of the company's investment plans.

Petrobras Renewing Effort to Order Vessel to Explore Presalt

Brazilian state-run oil company Petrobras confirmed in a securities filing that it will relaunch the process of ordering a Flotation Production Storage Offloading, or FPSO, vessel that would be used to explore the presalt area, Reuters reported late Tuesday. The company said it had canceled a previous effort to acquire a FPSO vessel because it had resulted in higher prices than those of the international market.

NEWS BRIEFS

Santos, Uribe Pledge to Work Together on Peace Agreement

Colombian President Juan Manuel Santos and former President Álvaro Uribe said Wednesday, following their first meeting in six years, that they would work together to reach a solution after voters rejected the peace deal between the government and the FARC rebel group in a nationwide referendum on Sunday, The Wall Street Journal reported. Uribe led the movement to reject the deal struck between the Santos administration and the rebels, but has said he would offer ways to revise the deal so that Colombia can put an end to its five decades-long civil war.

Brazil's Lula Faces New Charges Following Corruption Accusations

Brazil's federal police on Wednesday recommended that federal prosecutors formally charge former President Luiz Inácio Lula da Silva of corruption, based on the claim that he illegally helped his nephew's construction company win government contracts for projects in Angola, a person close to the investigation said, The Wall Street Journal reported. Lula is already a defendant in two other federal cases on charges of attempted obstruction of justice, corruption and money laundering. The former president has denied all wrongdoing.

Argentina Settles With Additional Creditor in Bond Dispute

Argentina's government has settled with an additional holder of the country's defaulted sovereign bonds for $40.52 million, Reuters reported Wednesday, citing U.S. court-appointed mediator Daniel Pollack. President Mauricio Macri's government settled the latest case with Switzerland's Banca Arner, one of the last remaining "holdout" bondholders, said Pollack.

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vulnerable to hackers who were already accessing their internal networks. Financial services companies and all businesses need to implement new cybersecurity strategies that consider the changes they have made to how they deliver products and services to their customers, as well as where their old strategies have fallen short."

Melissa Diaz, attorney at Diaz Reus in Miami: "Latin America, with its burgeoning consumer and Internet-oriented economy, has become a hub for cybersecurity attacks. Last year, in Brazil alone, cybercrime costs reached an estimated $8 billion, with Mexico following Brazil at $3 billion in costs. The financial services industry can expect an increase in cybercrime in the forms of ransomware and malicious insiders. Ransomware infects a system and causes a firm to lose access to its data unless and until the firm pays a ransom. Malicious insiders are people within a firm that have valid credentials, but look to do harm by stealing data. Currently, many Latin American countries are in the early stages of developing cyber-emergency response teams and computer security incident response teams to react to such attacks, but are lacking in development of forward-looking defense mechanisms that can aid in the prevention of cyberattacks. This lack of preventative programs, coupled with an absence of public awareness about the potential threats of using online platforms for financial transactions, leaves both financial institutions and consumers vulnerable to cybercrimes. Awareness of the importance of developing cybersecurity strategies is increasing among countries in Latin America. For example, Brazil has developed advanced cyberdefense capabilities and recently established a cyber defense command to help combat the increased cybersecurity threats. Honduras recently adopted the Electronic Commerce Law and has regulations on digital signatures. Similarly, Nicaragua, Costa Rica and Panama have adopted laws for personal data protection and digital signatures. While these steps have increased protections of banks and consumers, there is still much more work to be done."

Danilo Ochoa, solution sales director for eBanking and eCommerce at Gemalto Latin America: "Latin America is one of the world's biggest mobile markets, and smartphone penetration may reach 57 percent by 2019, according to eMarketer. While this enables the creation of new and innovative solutions, mobile applications delivering financial services have become more popular and attract the attention of criminals. Cyberattacks are getting more sophisticated, and malware focused on mobile banking applications is being used to steal user credentials and perform fraudulent transactions. With a focus on user protection, the latest regulations are pushing for strong authentication and transaction signing. The adoption of these security requirements should not diminish user experience or influence service usability. Banks face a challenge in finding the right balance between security implementation and the security perceived by the user, bringing convenience with silent authentication, and reliability with strong authentication and transaction signing when needed."

> **"Cyberattacks are getting more sophisticated...."**
>
> **— Danilo Ochoa**

The Advisor welcomes comments on its Q&A section. Readers can write editor Gene Kuleta at gkuleta@thedialogue.org.

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