

# *Financial industry regulation for IT doesn't need to be difficult to navigate*



## Charting your course

Industry regulation can present complex challenges for IT professionals. At Flexera, we understand since our customers range from banking and financial to healthcare, education, high tech and beyond. All these industries have regulatory bodies that help ensure data of all types are secured against threats, adhering to respective laws and handled with the care and standards necessary to ensure risk mitigation against the organization and their consumers.

## What does regulation look like?

Regulation is different for every industry. For example, in healthcare, IT organizations have to protect a patient's sensitive information by adhering to the Health and Insurance Portability and Accountability Act (HIPAA).

Per the privacy and security rules, covered entities are responsible for safeguarding protected health information (PHI) from improper use, disclosure or destruction by developing appropriate security measures. HIPAA compliance audit services can help an organization meet these HIPAA regulations:

- **Privacy rule:** Identifies what patient information is to be protected, including data that identifies or could identify the patient with his/her name, address, date of birth or Social Security number
- **Security rule:** Protects PHI that is created, received, maintained or transmitted electronically (e-PHI)

HIPAA compliance requirements apply to all healthcare providers, health plans and health clearinghouses, as well as those entities that interact with them by exchanging PHI. They must regularly review their security measures to adjust to new and emerging threats to the privacy and security of patient information.

## How does this work for financial institutions?

The fundamental issue all financial institutions have with regulation is resource drain: demands on time, budget and/or staffing. It starts with the effectiveness of reporting and the time it takes the company to respond—both of which heavily consume resources—which need to be streamlined for efficiency in order to build programs that can effectively respond to regulation.

IT asset management is responsible for understanding the operational and financial state of IT assets and is foundational to building a responsible and responsive organization. However, being responsible and responsive requires the business to know what they have and be able to act in a reasonable amount of time (per regulatory stipulation). Companies shouldn't need to traverse the organization for data to answer questions from these regulatory bodies.

## Examples of regulations affecting the financial industry:

- **Federal Financial Institutions Examination Council (FFIEC):** This five-member agency is responsible for establishing consistent guidelines and uniform practices and principles for financial institutions
- **Financial Crimes Enforcement Network (FinCEN):** FinCEN compliance regulations activate section 314(a) of the USA PATRIOT Act, giving law enforcement the power to request information from financial institutions connected to investigations
- **Gramm-Leach-Bliley Act (GLBA):** GLBA compliance focuses on the security of consumers' personal financial information by enforcing various rules that determine how financial institutions and related industries collect and protect confidential information

## What is the FFIEC?

The council is a formal interagency body empowered to prescribe uniform principles, standards and report forms for the federal examination of financial institutions by the Board of Governors consisting of five federal agencies, including the Federal Reserve System (FRS), the Federal Deposit Insurance Corporation (FDIC), National Credit Union Administration (NCUA), the Office of the Comptroller of the Currency (OCC) and the Consumer Financial Protection Bureau (CFPB).

## Why do we need to adhere to FFIEC regulations?

Financial institutions are required to adhere to the council's recommendations to assess and mitigate risk to the organizations and their consumers. **Enforcement actions** from the FFIEC come directly from the federal agencies on the Board of Governors, and range from **civil monetary penalties to prohibition of banking**. Threats aside, the FFIEC and similar regulatory bodies across all industries (for example, the Division of Examinations for the Securities and Exchange Commission) help make for best practices, better controls, and security of sensitive organizational and customer data.

Financial institutions must pay close attention to all 11 of the following areas to maintain compliance with FFIEC guidelines:

- |                                 |   |
|---------------------------------|---|
| 1. Business Continuity Planning | 7. Operations                                   |
| 2. Development and Acquisition  | 8. Outsourcing Technology Services              |
| 3. Electronic Banking           | 9. Retail Payment Systems                       |
| 4. Information Security         | 10. Supervision of Technology Service Providers |
| 5. IT Audit                     | 11. Wholesale Payment Systems                   |
| 6. IT Management                |   |

## How Flexera helps financial institutions adhere to these regulations

Flexera is uniquely positioned to help financial institutions navigate the rigorous processes of the governing and auditing regulatory bodies. We deliver deep domain expertise across hardware, software, SaaS, the cloud and the top vendors like Microsoft, IBM, SAP and Oracle. Comprehensive understanding of your IT estate and your ability to effectively take action are made possible with Flexera solutions tailored to your organizational needs.

## What does an FFIEC finding look like?

### Example:

A formal lifecycle management program has not been deployed by a financial institution. Continued undefined lifecycle management practices may lead to several risk elements. All the following risk elements are present in the bank's environment:

1. Unsupported assets in the production environment, which could result in malicious exploits succeeding against software no longer receiving security updates.
2. Inaccurate and/or incomplete inventory of software versions or end-of-support dates, which could result in degraded capacity to track and maintain software support.
3. Lack of defined triage, risk rating or project planning for refreshment initiatives, which could result in poor planning and delays in executing upgrades.

4. Lack of approval or exception process or processes for enduring legacy assets. This could result in unsupported assets entering or persisting in the production environment beyond management's risk tolerance.
5. Undefined and inadequate content of management reports, which could result in inadequate management vision into the lifecycle profile and correspondingly ill-informed risk decisions.

## How does Flexera help our company respond?

### Example of an overall management response:

The financial institution leads an enterprise-wide lifecycle management initiative in support of all business

divisions to identify potential risk regarding unsupported end-of-life assets and to support hardware and software assets.

### This initiative will include a governing body to:

- A. Identify, classify, monitor and report end-of-support dates
- B. Integrate identified dates into asset inventories
- C. Initiate resource and program requirements that drive refreshment
- D. Document exceptions and approvals

This initiative and efforts will be completed by [set date]

DUE (Q1) EFFORT PLANNING	
<ul style="list-style-type: none"> <li>Develop a business case, detailed roadmap, governing structure and process documentation, plus remediate and proactively report unsupported assets in the environment</li> <li>Develop functional organization dedicated to identifying, reporting and managing risk vulnerabilities</li> </ul>	<ul style="list-style-type: none"> <li>Secure Flexera One (powered by Technopedia) to automate populating end-of-support, end-of-life dates on all hardware and software</li> <li>Execute on phased roadmap and plan to meet expected outcomes</li> </ul>
DUE (Q3) FOCUS REMEDIATION EXECUTION	
<ul style="list-style-type: none"> <li>Build and expand Flexera One platform across the enterprise</li> <li>Enable data normalization, enterprise common language and auto-populate end-of-life and end-of-support inventory dates into the CMDB</li> </ul>	<ul style="list-style-type: none"> <li>Through the new governance model and reporting of end-of-life assets, identify assets at risk and formalize the list for policy creation and regular compliance reporting</li> <li>Define standard processes for managing at-risk exceptions and reporting</li> </ul>
DUE (Q4) PROCESS ENHANCEMENTS	
Compensating controls	Monitoring controls
<ul style="list-style-type: none"> <li>Immediately report, monitor and track at-risk assets across the enterprise to the governing model and key stakeholders so action can be taken</li> <li>Proactively report/communicate assets approaching end of life, end of support at 24, 18, 12, 6 months to day 0 to enable project planning for technology refreshes and financial planning</li> </ul>	<ul style="list-style-type: none"> <li>Governance structure, RACI, CIOs and key stakeholders will receive and review ongoing reports, trends, non-compliance, risk exceptions and approvals</li> <li>Risk and exceptions will be documented, tracked and monitored for ongoing status and archived in the enterprise risk system of record</li> </ul>

## Flexera provides visibility to actionability

Unlike audits from vendors, IT audits by regulatory bodies like the FFIEC require compliance related to the size and complexity of your organization. With each audit, you'll establish programs like the above example mapped against the 11 FFIEC guidelines, consistently building to promote sound IT controls focused on risk management best practices, while consistently adapting to changing technology.

### NEXT STEPS

Learn more about how we can help with your financial institution's regulation

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### ABOUT FLEXERA

Flexera delivers SaaS-based IT management solutions that enable enterprises to accelerate digital transformation and multiply the value of their technology investments. We help organizations **inform their IT** with unparalleled visibility into complex hybrid ecosystems. And we help them **transform their IT** with tools that deliver the actionable intelligence to effectively manage, govern and optimize their hybrid IT estate.

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