



# Best Practices in Cyber Security for the Financial Services Industry in South Africa

Ensuring the Safety and Integrity of Consumer & Financial Information

## Introduction

In today's digitized world, the financial services industry in South Africa, like in many other parts of the world, relies heavily on information technology to manage client data, streamline operations, and enhance service delivery. However, this increasing dependency on digital systems exposes the sector to various cyber threats. Ensuring robust cyber security practices is therefore essential to protect sensitive client information and maintain trust in the financial system. This document outlines the best practices in cyber security tailored for the financial services industry in South Africa.

## Understanding the Cyber Security Landscape

The cyber security landscape is continually evolving, with cyber threats becoming more sophisticated. In South Africa, smaller financial services providers (**FSPs**) face unique challenges such as limited resources, varying levels of IT infrastructure maturity, and the need to comply with local regulations like the **FSCA Joint Standard Regulations (JS01 & JS02)** and **Protection of Personal Information Act (POPIA)**. Addressing these challenges requires a comprehensive approach to cyber security.

## Key Best Practices in Cyber Security

### 1. Conduct Regular Risk Assessments

Regular risk assessments are crucial in identifying potential vulnerabilities within the FSP organization's IT infrastructure. These assessments help in understanding the various types of cyber threats and the potential impact on the organization. By conducting thorough risk assessments, FSPs can prioritize their security measures and allocate resources effectively.

## 2. Implement Strong Access Controls

Access control is a fundamental aspect of cyber security. Ensuring that only authorized personnel have access to sensitive client information minimizes the risk of data breaches. This involves implementing multi-factor authentication (MFA), role-based access controls (RBAC), and regular review of access permissions to ensure they are up-to-date and appropriate. Online accounts (like M365) must be secured with a strong password and MFA and monitored for weak security and unauthorized logon attempts.

## 3. Encrypt Sensitive Data

Encryption is a critical measure to protect data both in transit and at rest. By encrypting sensitive client information, FSPs can ensure that even if data is intercepted or accessed by unauthorized individuals, it remains unreadable and secure. This practice is particularly important for complying with FSCA and POPIA regulations.

## 4. Maintain Regular Software Updates and Patches

Cyber attackers often exploit vulnerabilities in outdated software. It is essential for FSPs to keep their software, including operating systems and applications, up-to-date with the latest security patches. Regular updates reduce the risk of exploitation and enhance the overall security posture of the organization.

## 5. Invest in Cyber Security Training and Awareness

Human error is often a significant factor in cyber security incidents. Ensuring that all staff members, from administrative personnel to frontline professionals, are trained in cyber security best practices is crucial. Regular training sessions, simulated phishing attacks, and continuous awareness campaigns can significantly reduce the likelihood of successful cyber-attacks.

## 6. Develop and Test Incident Response Plans

Having a well-defined incident response plan in place is essential for effectively managing and mitigating the impact of cyber security incidents. The plan should outline the steps to be taken in the event of a breach, including communication protocols, roles and responsibilities, and recovery procedures. Regular testing and updating of the incident response plan and checklists ensure that it remains effective and relevant.

## 7. Implement Network Security Measures

Network security is a key component of comprehensive cyber security. FSP organizations should deploy firewalls, intrusion detection and prevention systems (IDPS), and virtual private networks (VPNs) to protect their networks from unauthorized access and cyber threats. Regular network inventory, monitoring and audits are also essential to detect and respond to potential security incidents promptly.

## 8. Secure Email Communications

Securing digital transmissions has become a critical concern. FSPs must ensure that email – *as a critical communication medium* – use robust security. Enforce DMARC and MTA-STS (TLS) protocols, monitor for look-alike domains, support users to check for phishing when suspicious emails are received by them, implement document security like password-encrypted PDF for sensitive correspondence, and build a culture to *always verify*. These help to mitigate the risk of cyber-attacks, impersonation, business email compromise, infiltration and unauthorized access to sensitive client information.

## 9. Comply with Regulatory Requirements

Compliance with FSCA JS01, JS02 and POPIA is vital for protecting client information and avoiding legal repercussions. FSPs should regularly review and update their policies and procedures to ensure they align with the latest regulatory standards. This includes data protection, technical safeguards, client consent, and breach notification protocols. The FSCA & PA are actively inspecting FSPs for non-compliance with JS01/2.

## 10. Collaborate with Cyber Security Experts

Given the complexity and constantly evolving nature of cyber threats, and the need to comply with the FSCA Joint Standards and POPIA, collaborating with cyber security experts can provide valuable insights and support. FSPs can benefit from the expertise of external consultants, managed security service providers (MSSPs), and industry associations that specialize in FSP cyber security.

## Conclusion

The financial services industry must prioritize cyber security to safeguard sensitive client information, maintain trust, and ensure the continuity of financial services. By adopting these best practices, FSPs can significantly enhance their security posture and mitigate risk of cyber threats. Continuous assessment, education, and collaboration are key to staying ahead in the ever-changing cyber security landscape.

## How SMBsecure™ Helps South African FSPs

The SMBsecure™ FSP ComplianceSuite has been purposefully tailored and introduced for small FSPs in South Africa. It offers tools, services and capabilities **All-in-One** for FSPs to practically and effectively address FSCA Joint Standard requirements, comply with POPIA, and inexpensively implement vital controls to support compliance and risk mitigation. Crucially, it includes a Cyber Warranty for data breach, ransomware and business email compromise incidents. An AI Assistant, templates, implemented controls, assessments and reporting aids FSCA (JS) & Security **Audit-Readiness**.