

# Finding smarter ways to deal with data theft

*Amid the fear about data loss, Exate Technology believes it has developed the next generation of software which will enable owners of confidential data to take control of who accesses their information online.*

The problems and subsequent financial and reputational costs associated with data theft are well-known and widely feared by senior management across financial institutions.

Solutions to stem the threat, however, are not so common.

But Exate Technology believes it has the answer, sitting between fintechs and the banks.

In short, the firm allows banks and other institutions to maintain data privacy while using cloud-based fintech providers. “Many banks we have spoken to want to use cloud-based fintech in order to take advantage of new technology and to reduce the cost of hosting internal applications on servers and data centres within their firewalls,” says Peter Lancos, Exate’s chief executive officer.

“However, they cannot get comfortable enough to have their client and em-

ployee details sitting on the cloud, as many fintechs co-mingle client data across multiple banks, and maintain the decryption keys within the fintech, not within the bank.”

As a result, the banks are blocked from using fintechs. But this is where he says Exate enters the picture.

“Our patent-pending, key-sharing solution enables banks to take control of their confidential data, thereby allowing them to use fintechs,” he explains.

And unlike many fintechs, which are described as ‘disruptors’, he thinks of Exate as an ‘enabler’.

“It is not as sexy or glamorous as some fintechs, but it is a critical niche that we have identified,” adds Sonal Rattan, the firm’s chief technology officer. “We refer to ourselves as the ‘pizza-box makers of fintech’; other fintechs make the pizza, but every take-away pizza needs a box.”



**PETER LANCOS**  
Exate Technology

## SOLUTIONS TO REAL PROBLEMS

The concerns about data privacy are only likely to become greater – and therefore pose further risks.



**SONAL RATTAN**  
Exate Technology

Compounding the problem, adds Rattan, is the fact that data theft can be internal or external.

Various studies have shown that internal actors can be responsible for up to half of all data loss, with personal information of customers and employees the top target. It is no surprise to also find ex-employees stealing data from their former employers.

### **STAYING A STEP AHEAD**

Unlike many other start-ups, Exate sees itself as more than just a 'fintech' firm. As senior bankers and IT professionals, with a combined total of over 40 years of experience in the industry, the firm understands banking, IT and regulation.

### **Private banking targets**

*While working on the database of HSBC's Swiss private bank, Herve Falciani downloaded the details of roughly 130,000 holders of secret Swiss accounts, resulting in major reputational damage and a GBP 28 million fine.*

*Further, Standard Chartered said wealthy clients' confidential information was stolen in Singapore, underscoring the vulnerability of global banks to attacks from hackers and thieves. This resulted in supervisory action from the MAS.*

*Swiss private bank Julius Baer has fallen victim to data theft by one of its Zurich staff. This is the third time in ten years the Swiss private-banking specialist has fallen victim to data theft.*

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## **“Our patent-pending, key-sharing solution enables banks to take control of their confidential data.”**

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For example, the European General Data Protection Regulation now coming into effect gives institutions two years to fully comply. The far-reaching nature of the legislation means it applies to any company that handles data of citizens from the EU, regardless of where the company is based.

Perhaps the most significant change, says Lancos, will be an increase in the amount of money that regulators can fine companies who do not comply with the legislation – up to 4% of their global turnover, EUR20 million, whichever is greater.

The firm's first application utilising its data privacy technology is a peer-to-peer, bespoke benchmarking tool.

“It is impossible to know if you are good or bad with respect to a metric if you do not have anything to compare it with,” explains Lancos.

In addition to the company's service proposition around data privacy, the firm also has its own product which sits in its secure framework. “It is a good way to demonstrate to prospective customers how the data encryption works,” explains Rattan.

Anonymark is a peer-to-peer benchmarking tool, and The Delegator allows banks to assign categories where they are lagging the benchmark to individuals in the firm for resolution.

This is primarily designed to address the emerging risk of conduct risk management. “What we are doing is to minimise the compliance and conduct burden on senior executives within a firm,” says Rattan.

The rationale is, that by tackling conduct risk management early, financial services institutions have the opportunity to strengthen relationships with clients, improve overall returns and prevent the high levels of regulation and scrutiny that firms have been subject to in Europe and the US. ■