

THE **QUARTER** NEWSLETTER

PENNSYLVANIA DEPARTMENT OF BANKING AND SECURITIES



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A Well-Informed Marketplace



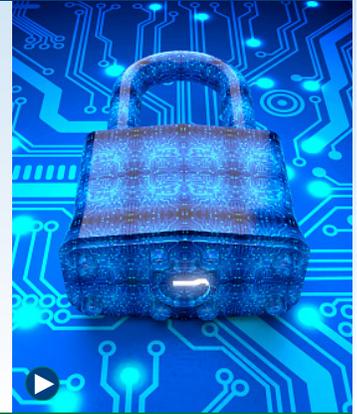
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In the Age of Fintech, Cybersecurity is Everyone's Business

By **Robin L. Wiessmann**, *Secretary of Banking and Securities*

In recent years, the combination of finance and technology ("fintech") has changed our relationship to money. **More...**



Cybersecurity Video Released by DoBS

The department announces new video to help consumers protect themselves from internet fraud and theft. **More...**



'Making \$ense of Finance' in Horsham

The conference program will be geared specifically towards the financial and investing challenges faced by members of the military, veterans, and their families. **More...**



'When I'm 65' Documentary to Air

DoBS has co-sponsored the documentary "When I'm 65," which will be shown on public television stations throughout Pennsylvania. **More...**



Regulators Release Revised Information Security Booklet, FAQ

The booklet provides an overview of information security operations, including the need for effective threat identification, assessment, and monitoring. **More...**



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In the Age of Fintech, Cybersecurity is Everyone's Business

Robin L. Wiessmann, Secretary



During the month of October, many Americans turn their attention to the big league baseball playoffs, Halloween, college and professional football, or leaf peeping. However, I would also like more people to think of October as **Cybersecurity Awareness Month**, because it is not an exaggeration to state that every business and every Pennsylvanian should be concerned with cybersecurity.

Simply put, cybersecurity means keeping everything you do on the Internet safe, so that no one can steal your information for their own gain. Even if you personally are not on the Internet, your secure personal or financial information (i.e., banking or credit card information) is online and cybersecurity concerns extend to you.

In recent years, the combination of finance and technology (“fintech”) has changed our relationship to money. What was once considered science fiction is now reality: we can deposit, lend, borrow, transmit, invest, and transfer money easily and conveniently over networks using computers, tablets, and smartphones.

“What was once considered science fiction is now reality...”

However, with fintech innovation, we have also seen the rise in criminal activity on the very Internet that makes all these transactions possible. In the past year, news headlines like these have described the cybersecurity challenge for consumers and business:

- “Cyber Crime Costs Projected To Reach \$2 Trillion by 2019” (*Forbes*)
- “Yahoo Says Hackers Stole Data on 500 Million Users in 2014” (*New York Times*)
- “Cybercrime costs the average U.S. firm \$15 million a year” (*CNN*)

During Cybersecurity Awareness Month and moving forward into 2017, it is critical that we all be vigilant about how we use fintech tools and with whom we use them.

My colleagues and I have not been simply observing these developments. Last year, the Department of Banking and Securities launched a **Cybersecurity Task Force**, one of the first of its kind in the nation, to help financial services businesses protect themselves and their customers. This year, more than 20 Pennsylvania state government agencies have formed **PA \$AFE**, an active working group addressing several common issues, including how to help inform consumers about cybersecurity.

Earlier this month, we released a **short video** (YouTube) that addresses cybersecurity issues such as:

- How to protect yourself when shopping online;
- How to create safe and secure passwords; and
- What to do if you become a victim of fraud or identity theft.

We also visited the **National Cyber-Forensics & Training Alliance** (NCFTA) in Pittsburgh. Working with experts from the public, private, and academic sectors, the NCFTA proactively identifies cyber threats in order to help its partners take preventive measures to mitigate those threats. NCFTA staff will be addressing our department this month to help us learn more about how to deal with the complex cybersecurity issues facing government and the financial services industry.

During Cybersecurity Awareness Month -- whether you represent a large, complex organization or are an individual citizen -- I ask you to learn more about the risks of cybercrime, learn about best cybersecurity practices that can work for you ([here](#)), and take charge of protecting yourself or your employer.

Department Announces New Video to Help Consumers Protect Themselves from Internet Fraud and Theft

As part of Cybersecurity Awareness Month, the department released a new video produced to help consumers use good cybersecurity practices to protect themselves from identity theft or fraud over the Internet.

The video, which can be found [here](#), addresses issues such as:

- How to protect yourself when shopping online;
- How to create safe and secure passwords;
- What software you should avoid downloading to your computer;
- What kind of Wi-Fi networks you should avoid; and
- What to do if you become a victim of fraud or identity theft.



“During Cybersecurity Awareness Month, we are hearing a lot of about cybersecurity, and yet many people wonder what it all means,” said Secretary of Banking and Securities Robin L. Wiessmann. “This short video is a great place to start learning how to protect yourself and your family while using innovative personal technology.”

If you wish to learn more about cybersecurity and how to protect yourself and your family from fraud and identity theft over the Internet, visit [Consumer Information on Cybersecurity](#) on the Department of Banking and Securities website.

‘Making \$ense of Finance’ Stops in Horsham on Nov. 19

The next “Making \$ense of Finance” conference will take place in Building #203 at the Horsham Air Guard Station on Easton Road in Horsham on Saturday, November 19, 2016, from 9:30 AM to 3:00 PM.



The conference program will be geared specifically towards the financial and investing challenges faced by members of the military, veterans, and their families. Those in attendance can choose workshops led by experts in the following areas:

- Investment, Budgeting, and Retirement Basics;
- Understanding Credit Reports and Credit Scores;
- Detecting and Avoiding Military-Focused Financial Scams;
- Federal Thrift Savings Plan and Life Insurance; and
- Investing in Higher Education.

The “Making \$ense of Finance” conference is free to members of the military, veterans, and their spouses and partners. Breakfast, lunch, and parking are included. Space is limited: registration is required and available online ([here](#)). The first 200 people to register will receive a \$20 gift card donated to the USO from various businesses for attending and participating in the conference.

“Making \$ense of Finance” is made possible through the PA Military Finance Alliance, a cooperative effort of the PA Department of Military and Veterans Affairs, the PA Department of Banking and Securities, the PA Office of Attorney General, Army OneSource, Better Business Bureau, Liberty USO, Army Community Service, PA National Guard, and Advantage Credit Counseling Services.



Department Offers New Guide to ‘Investigate Before You Invest’

The department’s outreach staff regularly advise consumers to “investigate before you invest.” Now investors can access a new online directory that provides information on how to actually proceed with investment-related research.

The “Investigate Before You Invest” directory can be found ([here](#)).

“Investigate Before You Invest” is designed to help investors interested in stocks, bonds, mutual funds, annuities, crowdfunding, disciplinary actions, insurance, initial public offerings, licensing and registration issues, and commodities, by referring them to free online government and not-for-profit databases and consumer hotlines.

A version of this directory can be printed by downloading it ([here](#)) [PDF].

To learn more about our publications and programs, the public can contact the department: informed@pa.gov

Department Premieres Elder Financial Abuse Video to International Securities Convention

At the annual conference of the North American Securities Administrators Association (NASAA) in Providence, RI, Secretary of Banking and Securities Robin L. Wiessmann and members of her staff introduced attendees to “Elder Financial Abuse,” a video developed to help professionals who work with senior citizens identify, report, and prevent their clients from financial scams and abuse.



The video features interviews with victims of elder financial abuse and their families, as well as revealing data and statements from medical experts and professionals working to care for and protect senior citizens.

The video stresses four signs for professionals, caregivers, and family members to watch: social isolation; poor investment decisions; sudden changes of their will; and a reduced ability to make decisions. The video is available on the Department of Banking and Securities Facebook: ([here](#)).

The video was produced through a partnership of the PA Department of Banking and Securities, the PA Department of Aging, the Investor Protection Trust, and NASAA.

Department Provides Perspectives on Saving: “When I’m 65”

In order to help people at different stages of their lives think differently about saving for retirement, the department has co-sponsored the documentary “*When I’m 65*,” which will be shown on public television stations throughout Pennsylvania.

“*When I’m 65*” gives gloss-free explanations of how the times and timing, even our own psychology, affect us all and offers can-do action plans to answer the questions posed by Baby Boomers, Gen Xers, and Millennials alike, including:

- How should I save with my 401(k) or IRA?
- What if I have to work longer before I can retire?
- What will happen to social security?

This fall, “*When I’m 65*” will be shown by WITF (Harrisburg) on Sunday, October 30 at 6:00 PM, and on WHYH (Philadelphia) on Sunday, November 13 at 7:00 PM. Additional airings in 2017 will be announced.

Short clips of Pennsylvania residents and experts discussing retirement issues can be found on PA Banking and Securities [Facebook](#) page.

Members of the public are invited to attend town hall meetings in advance of the airings, which will preview the documentary and engage notable figures from finance, retirement planning, and consumer advocacy in discussion of the topics most on the minds of people thinking about retirement savings options:



	Harrisburg	Philadelphia
	Date: October 25, 2016 Time: 6:00 PM Location: WITF Public Media Center 4801 Lindle Road Harrisburg	Date: October 26, 2016 Time: 6:00 PM Location: WHYH Studios 150 North 6th Street Philadelphia

“*When I’m 65*” was made possible by Detroit Public Television, with the support of state financial regulators (including the PA Department of Banking and Securities), the Investor Protection Trust and the Investor Protection Institute.



How are we doing?

Take a short online readers survey and let us know how we are doing. Have suggestions for topics or articles? Want more information on regulations or news effecting your organization or business? [Click here](#)



Department Helps Prevent Elder Financial Abuse During ‘Senior\$afe Training Week’

“Elder financial abuse is the Crime of the 21st century...”



As part of the national “**Senior\$afe Training Week**,” staff members from the Department of Banking and Securities visited employees at the Vanguard Group headquarters in Malvern this month and presented a program designed to help investment advisers and broker-dealers identify and report suspected cases of elder financial abuse.

The “Senior\$afe” presentation helps financial professionals identify the several “red flags” of suspicious behavior of their clients and/or those close to their clients, as well as types of financial account activity that could indicate fraud, exploitation, or abuse. Additionally, “Senior\$afe” helps financial professionals understand how Adult Protective Services works to protect senior citizens and how they themselves can report suspicious behavior or account activity to help protect their clients.

“With so many senior citizens calling Pennsylvania home, it is critical that our commonwealth’s financial services community understand the distinctive challenges facing their older clients as well as what they can do to prevent this form of abuse,” said Secretary of Banking and Securities Robin L. Wiessmann. “Elder financial abuse is the ‘Crime of the 21st century,’ and I am pleased that we now have ‘Senior\$afe’ as a tool to help prevent this crime.”

The Senior\$afe training program was developed by the Maine Council for Elder Abuse Prevention and the North American Securities Administrators Association (NASAA). Pennsylvania is one of 11 states to be piloting this program during October. If you would like to have the department present “Senior\$afe” at your company, contact us at informed@pa.gov.

Federal Government Sets Policy for Public-Private Cyber Incident Response

In July, the White House released Presidential Policy Directive 41 (PPD 41), which sets forth principles governing the federal government’s response to any cyber incident, whether involving government or private sector entities.

“The nature of cyberspace requires individuals, organizations, and the government to all play roles in incident response,” stated President Barack Obama. “While the vast majority of cyber incidents can be handled through existing policies, certain cyber incidents that have significant impacts on an entity, our national security, or the broader economy require a unique approach to response efforts.”

For significant cyber incidents, this directive also establishes lead federal agencies and an architecture for coordinating the broader federal government response.

- Read more about PPD 41 ([here](#))
- Read the Annex for PPD 41 ([here](#))
- Read the Fact Sheet for PPD 41 ([here](#))



Financial Regulators Release Revised Information Security Booklet, FAQ on Cybersecurity Assessment Tool



In September, the Federal Financial Institutions Examination Council (**FFIEC**) issued a revised Information Security booklet, which addresses the factors necessary to assess the level of security risks to a financial institution's information systems. The booklet also helps examiners evaluate the adequacy of the information security program's integration into overall risk management.

The booklet provides an overview of information security operations, including the need for effective threat identification, assessment, and monitoring; and incident

identification, assessment and response. It discusses methods to achieve and assess information security program effectiveness, including assurance and testing.

The booklet also incorporates cybersecurity concepts, such as threats, controls, and resource requirements for preparedness. The booklet contains updated examination procedures to help examiners measure the adequacy of an institution's culture, governance, information security program, security operations, and assurance processes. The booklet can be downloaded ([here](#)).

The FFIEC has also issued a **Frequently Asked Questions** (PDF) guide related to the **Cybersecurity Assessment Tool** (announced in 2015). The guide answers 18 questions and clarifies points in the Assessment and supporting materials based on questions received by the FFIEC members over the course of the last year.

The FFIEC is an interagency body of federal and state regulators that promotes uniformity in the supervision of financial institutions.



Things to Know about Succession Planning

During **National Preparedness Month**, business owners were inundated with information about how to prepare for disasters of one type or another. However, too many businesses owners can find themselves unprepared to prevent a particular type of disaster -- when they are absent from their own business.

Whether confronting retirement, illness, or financial hardship – having a succession plan is critical for your clients – and your integrity. The **US Small Business Administration** (SBA) offers free online resources such as "**Plan your Exit**", which includes information on succession planning. Highlights include:

1. Choose your successor – it's never too early; start 15 years out if possible;
2. Develop formal training – balancing immersive training with control is possible if done right;
3. Establish a timeline – this is key to motivation of self, your successor and employees;
4. Prepare yourself for retirement – plan your own retirement, and it may be easier by exiting "on top"; and
5. Install your successor – it can be tough to let go, but doing this before you exit gives you a voice.

For more exit planning tips, including resources for **Closing**, **Selling**, **Transferring**, or **Liquidating**, visit the SBA's website today.

WEBINAR



FFIEC Hosts Two Webinars in October

The Federal Financial Institutions Examination Council (FFIEC) will host two webinars for financial institutions in October in recognition of National Cybersecurity Awareness Month. One of the webinars was held on October 13 and it addressed “*Mobile Financial Services.*” There is still time to register for the second webinar focused on “*Getting the Most Out of Your FS-ISAC Membership.*” The webinar is scheduled for October 31, at 1:00 PM (EST). Learn more and register for the webinar ([here](#)).

ComplianceCorner



3rd Quarter 2016 Enforcement Orders

The Department of Banking and Securities issued **19 enforcement orders** during the third quarter of 2016. Fines and assessments for these orders totaled **\$845,825**, including:

- Four Consent Agreement and Orders and one Cease and Desist Order issued for violations of the Pennsylvania Securities Act of 1972;
- One Consent Agreement and Order issued for violations of the Mortgage Licensing Act;
- Two Consent Agreement and Orders and two Cease and Desist Orders issued for violations of the Money Transmitter Act;
- Four Consent Agreement and Orders issued for violations of the Consumer Credit Code;
- One Consent Agreement and Order and one Cease and Desist Order for violations of the Check Casher Licensing Act;
- Two Consent Agreement and Orders issued for violations of the Pawnbrokers Licensing Act, one of which included the surrender of a license and the other a five-year prohibition; and
- One Consent Agreement and Order for violations of the Debt Settlement Services Act.

Comprehensive lists of enforcement orders administered by the Department of Banking and Securities are available online at dobs.pa.gov. Anyone can ask questions or file complaints concerning financial products or services by calling **1.800.PA.BANKS** (or 800.600.0007) or clicking ([here](#)).

Begin. Grow. Succeed!

Pennsylvania is home to a robust, constantly evolving financial hub that plays an important role in our nation's economy and the global marketplace.

Opportunities are available **NOW** at the Department of Banking and Securities. Contact us today or visit our [careers](#) page.



✉ jobsatdobs@pa.gov

☎ 717.783.2378

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PIDA Targets, Partners with Lenders to Support Economic Development

The PA Industrial Development Authority (PIDA) is looking to work with traditional lenders to provide low-interest loans and lines of credit for businesses that commit to creating and retaining full-time jobs and for the development of industrial parks and multi-tenant facilities in Pennsylvania.



PIDA now provides low-interest real estate, machinery and equipment and working capital loans and lines of credit to industries throughout Pennsylvania by leveraging a traditional lender's dollars by filling the financing gaps often found in economic development projects. PIDA has the ability to finance up to 50% of the eligible total project cost. Highlights:

Loan Sizes

- Real estate loans up to \$2,250,000.
- Machinery and equipment loans up to \$400,000.
- Lines of credit up to \$100,000; up to \$350,000 for export enterprises.
- Working capital term loans up to \$100,000.

Collateral

Generally, no less than a second lien position on the asset being financed is required.

Interest Rates

Interest rate is a fixed rate and based on market conditions.

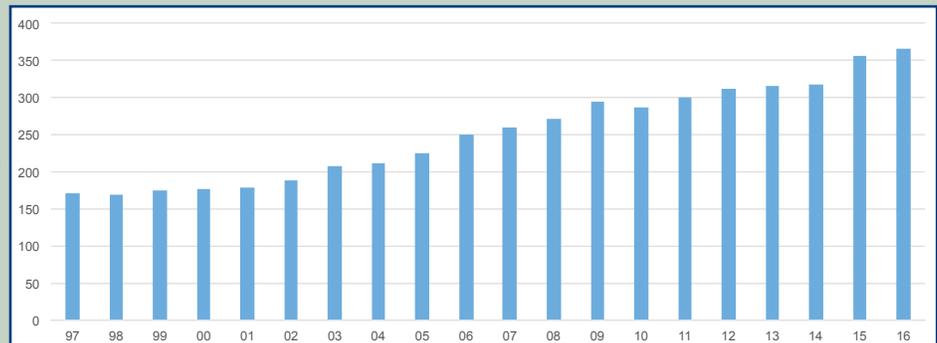
Application Process

Please contact your local certified economic development organization (CEDO) service provider to package the loan application. A listing of the CEDO's can be found at www.dced.pa.gov/pida

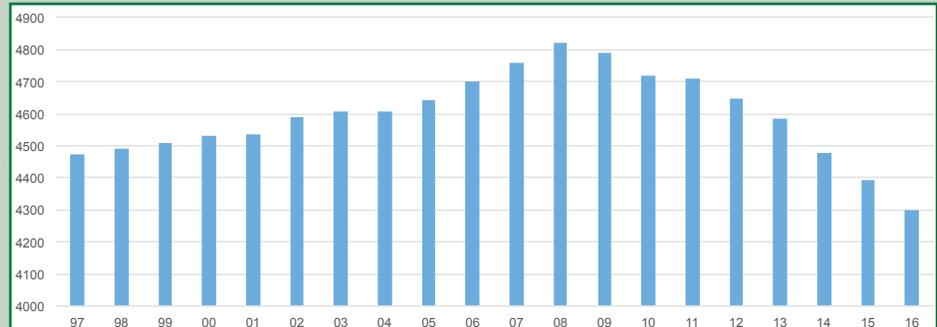
Research Region



20 Years of Deposits in PA FDIC-Insured Institutions



20 Years of PA Bank Branch Expansion, Contraction



Graph Key

- 1 Billions of Dollars vs. Years
- 2 All PA FDIC-Insured Branches and Offices vs Years

Source for both graphs:
FDIC Summary of Deposits