Chapter III

Developing Information Assurance Alignment in Financial Services

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Abstract

A number of recent high-profile organizational failures have been compounded by the inadequacy of the data, information, and intelligence available to decision makers at key moments. In several other cases, the interpretation and communication of information to key stakeholders later was seen to have been distorted, if not downright dishonest. Whilst executives are being required to pay more attention to aspects of information assurance (IA) and security, few understand how to ensure its proper management and how to develop an IA strategy.
Introduction

This chapter is based on research work in eight financial services organizations (four international financial services organizations, two national retail banks, and two multinational banks).

The first section explains why information assurance strategy needs to be aligned with corporate strategy. The arguments developed center on the risks of misalignment.

The second section explains why boards of directors in financial services need to take a strong interest in the development of their organization’s IA strategy. It highlights three key drivers: risk assessment and/or risk reports—including legal requirements, such as Sarbanes-Oxley and Basel II, protection of shareholder value, and cost—and the need to keep IA costs under control whilst delivering a suitable level of protection for the organization’s information. It also covers barriers to involvement of the board of directors, such as lack of familiarity with technical issues and general lack of awareness and understanding.

An important aspect of ensuring that an IA strategy meets the aims and objectives of the business is the need to understand the requirements of the stakeholders. In the financial services industry, these requirements are significant. This section presents a model of both external stakeholder requirements and internal stakeholder requirements.

The section concludes by explaining how these requirements can be reconciled when they are in conflict.

The last section presents five IA trade offs that need to be resolved during the IA strategy development process, once the stakeholder requirements are understood. Each trade off is illustrated with examples from financial services.

Developing an information assurance (IA) strategy is fraught with difficulties. One of the toughest challenges faced by organizations in financial services is to ensure a good level of alignment between their IA efforts and their business strategy. Whilst most financial services organizations recognize the importance of protecting their information assets, this is not always being matched by an increased strategic approach to IA. In many organizations, there is a lack of alignment between IA policies and corporate strategy (Deloitte Touche Tohmatsu, 2003).

This stems from three reasons. Firstly, it is difficult to ensure adequate communication among all the functions of the business involved with developing the IA efforts and those in charge of the overall strategic direction of the organization. Business strategists and IA specialists lack a common understanding, resulting in limited dialogue and inadequate definitions of what constitutes successful performance for IA issues (Birchall, Ezingeard, & McFadzean, 2003). Secondly, whilst most business strategies are concerned with growth, innovation, and enterprise, most IA strategies are concerned with ensuring that processes and procedures are followed and that risks are managed. They are, therefore, often associated with rigidity and seen to conflict with business objectives. Thirdly, even if the IA strategy is developed in a way that ensures its alignment with business strategy, communicating the IA strategy is a difficult exercise.
Dating Banking and Currency Crises in Turkey, 1990-2014
and Banking Crisis Prediction through Early Warning Systems (pp. 240-273).
www.igi-global.com/chapter/dating-banking-and-currency-crises-in-turkey-1990-
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