

## THE AUSTRALIAN

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### CBA option to keep lost data tapes a 'secret'

CBA boss Matt Comyn running through Centennial Park, Sydney, yesterday. Picture: John Grainger

SUPRATIM ADHIKARI THE AUSTRALIAN 12:00AM May 4, 2018

The Commonwealth Bank's decision not to tell customers it had lost statements linked to 20 million accounts has highlighted a big weakness in Australia's notifiable data breach scheme, with a security expert saying CBA wouldn't have to tell the public about the breach even under the new rules.

Cybersecurity consultancy Security in Depth chief executive Michael Connory said while there was now a legal requirement for businesses with an annual turnover greater than \$3 million to notify customers when a data breach happened, whether they chose to do so was still entirely up to them.

"Back in 2016, CBA had no obligation, but even with the new rules CBA must only inform the public if it thinks the breach has led to serious harm to the public," Mr Connory said.

The comments cast doubt on the effectiveness of the new laws, which Malcolm Turnbull said on Tuesday would have obliged the bank to advise each customer about the loss of their data.

That's incorrect, Mr Connory said, and there's no guarantee CBA would have come clean to the public.

"It's up to the CBA executives to determine whether the breach can lead to serious harm to the customers and whether they tell the public or not. If this incident had not been highlighted by the media, (it) wouldn't have seen the light of day," he said.

CBA yesterday acknowledged it had lost customer information in 2016 after the incident was highlighted in a report by BuzzFeed News. According to CBA, the data, held in two tapes, was lost by its subcontractor Fuji Xerox, which was decommissioning a data storage centre. The bank conducted a forensic assessment of the incident and presented the findings to the Office of the Australian Information Commissioner and the Australian Prudential Regulation Authority.

It is understood Fuji Xerox paid a penalty for losing the tapes and contributed financially to the KPMG forensic examination.

However, the bank opted against disclosing the data loss to its customers, a move that is now being put under the microscope.

The OAIC is seeking more clarity from CBA on whether it has better systems in place now to ensure the privacy of customers' personal information is adequately protected.

The fresh inquiry from OAIC was prompted by APRA's scathing assessment of CBA's governance processes. However, the privacy commissioner's office has declined to comment on why CBA was not obliged to disclose the incident to the public.

Mr Connory said the OAIC was clearly satisfied with the measures taken by CBA and had to wade back into the issue because of the ongoing concern around the culture of banks.

"They have come back into this because of the royal commission and CBA is under attack over its practices," he said.

One reason that may have swayed the OAIC's original thinking was the way the data was stored. Rather than seeing its network succumb to a cyberattack, CBA lost track of the data courtesy of misplaced magnetic tapes.

The tapes were not encrypted but *The Australian* understands that extracting the highly compressed data from the tapes would require a high degree of technical ability. The tapes, which look like Betamax video cassette tapes from the 1970s and 80s, are used to back up vast volumes of data and are routinely used to relocate information from one data storage facility to another.



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