



# National Infrastructure Protection Plan

## Banking and Finance Sector

Homeland Security Presidential Directive 7 (HSPD-7) identified 17 critical infrastructure and key resources (CI/KR) sectors and designated Federal Government Sector-Specific Agencies (SSAs) for each of the sectors. Each sector is responsible for developing and submitting Sector-Specific Plans and sector-level performance feedback to the Department of Homeland Security (DHS) to enable national cross-sector CI/KR protection program gap assessments. SSAs are responsible for collaborating with private sector security partners and encouraging the development of appropriate information-sharing and analysis mechanisms within the sector.

### Sector Overview

The Banking and Finance Sector, the backbone of the world economy, is a large and diverse sector primarily owned and operated by private entities. In 2005, the sector accounted for more than 8.1 percent of the U.S. gross domestic product.

Financial services firms provide a broad array of financial products for their customers. These products: (1) allow customers to deposit funds and make payments to other parties, (2) provide credit and liquidity to customers, (3) allow customers to invest funds for both long and short periods, and (4) transfer financial risks among customers.

The financial institutions that provide these services are all somewhat different, each within a specific part or parts of the financial services marketplace. Financial institutions operate to provide customers the financial products that they want, ensure the institution's financial integrity, protect customers' assets, and guarantee the integrity of the financial system. As such, financial institutions and the financial markets that they organize manage a wide variety of financial and certain non-financial risks.

In addition to the actions of financial institutions, direct financial regulation applies to many, but not all, financial services providers. The U.S. system of financial regulation is complex and exists at both the Federal and State levels. The regulatory systems for financial services firms manage and regulate various forms of risk and guard against prohibited practices.

### Sector Partnerships

While the sector is overseen at the Federal level by the U.S. Department of the Treasury, two organizations provide input on infrastructure protection to the financial services industry:

- The Financial and Banking Information Infrastructure Committee (FBIIC), chaired by the Department of the Treasury and composed of Federal and State financial regulatory agencies, coordinates efforts to prepare for and respond to cyber or physical attacks against the Banking and Finance Sector.
- The Financial Services Sector Coordinating Council (FSSCC), composed of leading private sector financial

participants, fosters and coordinates sector-wide initiatives to improve critical infrastructure protection.

The Executive Office of the President established the FBIIC in October 2001. The President's Working Group on Financial Markets currently sponsors FBIIC and outlines its role to coordinate the efforts of Federal financial regulators with respect to critical infrastructure issues. The FBIIC, composed of Federal and State financial regulators, coordinates efforts to prepare for and respond to cyber or physical attacks against the financial system. The Department of the Treasury's Assistant Secretary for Financial Institutions chairs the FBIIC.

The Banking and Finance Sector created the FSSCC as the organization that supports and represents the sector and the Sector Coordinator. The FSSCC fosters and facilitates the coordination of sector-wide voluntary initiatives to improve critical infrastructure protection and homeland security. The FSSCC's membership consists of the largest financial trade associations and organizations. The trade associations comprising FSSCC represent firms that hold the majority of the assets of the Banking and Finance Sector.

One of the greatest challenges facing the Banking and Finance Sector is its dependence on the telecommunications network. The Department of the Treasury and the FBIIC have identified three other important sector dependencies: (1) Energy, (2) Information Technology, and (3) Transportation Systems. In 2003, the Department of the Treasury, through the FBIIC, prepared a draft report entitled *Work Plan on Interdependencies Between the Banking and Finance Sector and Other Key Sectors*. This report, using lessons learned from the August 2003 power outage, identified the sector's dependence on these other key sectors.

The Banking and Finance Sector relies on an extensive and complex supply chain, often reaching to providers outside the United States, including a number of third-party providers. The international nature of the financial services markets and the cross-border interdependencies in financial infrastructures require the development of close cooperative relationships with public-private sector organizations in major markets around the world. These relationships will ensure a coordinated approach to infrastructure protection around the globe.



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