

A red rectangular banner with the text 'Financial Services Industry Spotlight' in white, sans-serif font. The banner is positioned horizontally across the middle of the image, partially overlapping the background graphics and the main title area.

Global Privacy, AI, and Data Governance for Resilience and Trust



Privacy Considerations for Financial Services Organizations

The financial services industry ranks among the most heavily regulated sectors domestically and internationally. Holding vast amounts of sensitive personal information, financial services companies face a high level of scrutiny from government agencies and their clients, who want demonstrable proof that organizations are storing, processing, and handling data securely and responsibly.

Financial services companies are also some of the most targeted by cybercriminals, with data breaches and ransomware attacks a major concern regarding client privacy, account security, and service interruption. The evolving artificial intelligence landscape has brought about additional complications for the industry, forcing institutions and regulators to rapidly adapt as the technology continues advancing. To maintain compliance and safeguard the data they hold, there are several important areas financial services companies should focus on.



Key Challenges Facing Financial Services



Regulations Are Continuing To Evolve

New and updated regulations are common for the financial services industry, but that doesn't always mean keeping track of them is straightforward. Laws and requirements in different jurisdictions can become a complicated patchwork, as different states and international regulatory bodies enforce their own compliance frameworks, particularly regarding privacy and data governance.

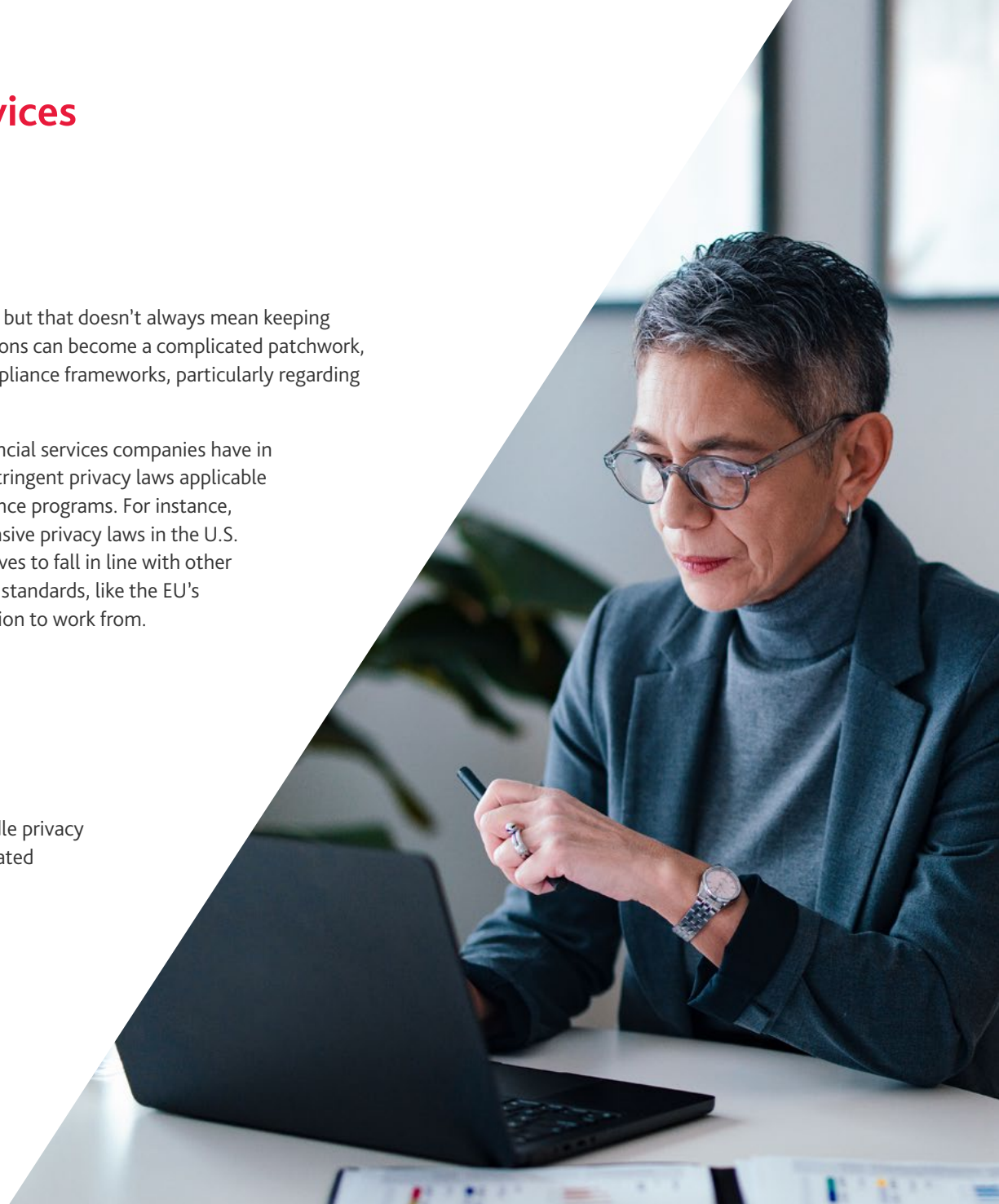
Despite the complexity of the regulatory environment, there are options financial services companies have in meeting their compliance obligations. One of those is to evaluate the most stringent privacy laws applicable to where the company operates and treat that as a baseline for their compliance programs. For instance, the [California Consumer Privacy Act](#) (CCPA) is among the most comprehensive privacy laws in the U.S. Meeting the CCPA's strict requirements can help companies position themselves to fall in line with other states' privacy laws since the CCPA covers such a wide range of topics. Other standards, like the EU's [General Data Protection Regulation](#) (GDPR), also provide a strong foundation to work from.



Privacy Challenges Affect Companies of All Sizes

Company size is another important consideration for how organizations handle privacy obligations. Larger financial services companies are more likely to have dedicated resources and teams to handle privacy requirements — but that comes with massive volumes of data for those teams to process. Conversely, small and midsize organizations may not have the same level of dedicated resources larger companies do but also don't process the same number of records.

Although there can be challenges in both scenarios, it's crucial for financial services companies of all sizes to have proactive plans in place to safeguard customer data and meet their regulatory compliance obligations.





Outsourced Risk

Outsourcing functions to third parties does not outsource the responsibility of risk. Organizations must conduct proper due diligence when contracting with outside vendors, recognizing that any compliance-related issues their vendor encounters will ultimately be their responsibility as well. It's critical for financial services companies to maintain an ongoing process of verifying that the third parties they work with remain in compliance with new and updated regulations and are following best practices to avoid putting clients' personal data at risk.



The Impact of AI

AI-powered tools can offer financial services companies new efficiencies, but those tools come with risks. Unintended issues, such as misconfigurations and inappropriate data access by AI tools, can result in personal data being exposed without authorization. At the same time, the deliberate use of AI by cybercriminals to breach systems and create enhanced phishing attacks through deepfakes has become an escalating privacy and security threat.

Companies in the financial services industry should emphasize the importance of training and tabletop exercises that help to prepare their workforces for both the advantages AI presents and the risks it can create.

Like so many other industries, privacy remains a top concern for financial services companies. While the industry is largely guided by compliance obligations, a proactive approach to risk and an awareness of AI trends can help to prepare companies for current obligations and future challenges.





Build Trust Through Stronger Privacy, AI, and Data Governance

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BDO's [Privacy & Data Protection Services](#) help organizations develop and implement a comprehensive privacy and data protection strategy to maintain global compliance and responsibly handle personal information.

Explore the **Global Privacy, AI, and Data Governance for Resilience and Trust** e-book ►



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