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Joint Evolution

Nossa Caixa bank bets on Risk Manager as part of its strategy for controlling IT risks.

A FOUR-YEAR PARTNERSHIP. This is a good way to summarize Risk Manager's performance at the Nossa Caixa bank. The tool was chosen for conducting a penetration test in 2001, and has evolved along with the financial institution's business. It is now an integral part of the Information Security Department's routine, and also provides support to the Internal Control and Risk Management areas.

The first implementation of Risk Manager at the bank was in 2001 - when the software solution was still called Check-up Tool - with the purpose of defining the security level of the bank's infrastructure. "At that time," states the financial institution's IT Security Manager José Waldir Carvalho, "we were seeking certification for the bank's web environment. We tested the defense structure of our online bank services, e-mail, and Internet access, as well as workstations and servers". This analysis was critical in defining the steps required to improve the defense structure.

The next step, in 2002, was to install Risk Manager on the bank's server. This made it possible to collect relevant data and information about the web environment, in order to develop periodic reports. "This material formed the basis on which we defined risk assessments in the information technology area," states Carvalho.

With the consistent history of successful implementations of Risk Manager, it was just a question of time before it started to be used for assessments in other areas. "We assessed the ATMs we own and those owned by third parties, and we conducted risk assessments on bank correspondents, Nossa Caixa branches and some central administration buildings," says Carvalho. But the day-to-day use of the tool is not limited to data centers; it includes all assets in the information technology area. "The Risk Manager reports are critical in decision-making meetings."

RISK CHANGE

Risk Manager has been present throughout the evolution of Nossa Caixa's risk culture. In time, the solution incorporated new risk assessment features that came to be used by the bank. "The change in our concept of risk is fundamental. We aligned it according to the definition used by the bank as a whole



Internal Structure

Nossa Caixa – the third-largest government-owned bank in Brazil and the ninth in the retail banking business – invests in the growth process of its security mechanisms, not only with regard to internal environments, but also for clients. The bank currently has more than 24,500 workstations. It is present in 645 municipalities in São Paulo, by means of a network composed by 1965 client service centers and 1199 bank correspondents. This network will spread out even wider by December as the expansion process in São Paulo continues.

In addition to the state of São Paulo, where most of the bank's business is focused, Nossa Caixa also has branches in Belo Horizonte and Uberlândia, in the state of Minas Gerais; in Curitiba and Londrina, in the state of Paraná; in Campo Grande, in the state of Mato Grosso do Sul, as well as in Rio de Janeiro and Brasília. In addition, the bank makes use of 2800 ATMs from the Banco24Horas network, to which 500 new machines should be added by the end of this year. It also has the Rede Verde-Amarela, composed by 10 state-owned banks around the country. The Verde-Amarela network was created to assist and expedite business for the bank's clients when traveling to other states, and allows Nossa Caixa clients to draft money and to access information in 4972 client service centers throughout Brazil, using their bank cards.

Nossa Caixa closed the first semester of 2006 with a net profit of R\$ 289.9 million and generated revenues of R\$ 765.6 million last year.

The bank currently has 4.9 million clients. Of these, approximately 200,000 are small and medium-sized companies. It went public in 2005, and was the first institution to be part of the new Bovespa stock market, a segment that requires commitment and compliance with clear rules regarding transparency and respect to minority interests.

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in management and support to strategic planning," says Carvalho.

In the IP environment, the Risk Manager tool was also used to analyze a particularly sensitive issue in the life of a financial institution: legacy systems. "When you talk, for example, about a solution that would rewrite the current accounts application, there is a related risk. If a decision like this is made, we have to map what may happen."

Another positive aspect of the tool, emphasizes Carvalho, is the repository of information that the continuous use of Risk Manager has provided. "When the structuring of the Internal Risks and Controls Department is concluded, I can offer mapped information focusing on the assets." As an example, José Waldir points out the ability to provide precise information on the compliance level of the company's computers regarding security

patches. "This data is extremely important for the business continuity plan methodology. Information like this is worth a lot", he adds.

Even before the risk management structure was formalized at Nossa Caixa, the information technology area was already concerned about the issue. For this purpose, the bank uses several technology tools, one of which is Risk Manager. "A large number of IT implementations were preceded by risk mapping. Our concern about this procedure has prevented quite a few problems and improved the security level of the IT environment", concludes José Waldir Carvalho.