



This time it's HSBC who have admitted a huge bank data theft!

About 24,000 clients of HSBC's private banking operation in Switzerland had personal details stolen by a former employee, the company has admitted. Last December, HSBC said that just 10 account holders were affected by the theft.

The information stolen concerns 15,000 accounts that are still active, and another 9,000 accounts that have been closed since the theft.

While HSBC says that it does not think the data can be used to access accounts, Alexandre Zeller, Chief Executive of HSBC Private Bank (Suisse) said "We deeply regret this situation and unreservedly apologise to our clients for this threat to their privacy". HSBC also said that they were determined to protect their clients' interests and are taking every necessary measure to do so, actively contacting all their clients with Swiss-based accounts.

A former employee, Herve Falciani, who worked in HSBC's IT division, fled to France while under investigation in Switzerland. French authorities subsequently seized the data he had taken, and then passed it to the Swiss Federal Prosecutor.

Switzerland's financial and banking regulator said it had launched "formal administrative proceedings against HSBC" over the security breach, adding that the stolen data was "extensive". HSBC, which first learnt of a data breach in December 2008, said it had since invested 100m Swiss francs (\$93.3m; £62.3m) to upgrade and improve the security of its data systems. A spokesman said that HSBC had only become aware of the extent of the leak after Swiss authorities received the information from France and then alerted the bank on 3 March and added that the account holders were based in several European countries, including Britain.

In Germany, an anonymous informer has offered to sell data stolen from an unnamed Swiss bank to tax officials. Previously, Germany bought similar stolen data concerning clients of a bank. This information was handed to tax authorities in the UK, which is also thought to have paid for the data. French tax authorities are thought to be investigating up to 3,000 of its nationals using bank accounts outside the country. These same Government authorities have defended paying for stolen data as in the public interest.

However, the practice has been strongly criticised. The UK's Revenue & Customs (HMRC) office paid around £100,000 for information about its taxpayers with bank accounts in Liechtenstein, according to accountants UHY Hacker Young.

With Governments touting the fact that they are willing to offer a reward for financial information is it any wonder that bank employees have been tempted to commit these offences? This is especially so since these same governments will ignore the fact that the data provided to them is stolen and pay the perpetrator anyway.

I will again state, as I have often declared, privacy is no longer common place today!

That is unless you are privileged to be a member of a private association which, by law, is not offering its services to the general public, and as such can then offer a higher degree of personal service and security. The reason why such entities provide a more private environment is because they come under different regulations to that of banks. These private entities have been purposely established to maintain superior security. Today this is the only way to maintain privacy in my opinion, if that is what you seek?

RIO's new deposit account offers a 100% capital guarantee, unlike almost all banks which commonly offer a maximum protection level ranging from \$20,000 to \$50,000 per account held, irrespective of the amount deposited to account. For example, if a member has \$500,000 on deposit with the bank, should the bank go into administration the member may find themselves impoverished, due the fact that their entitled to the legally assured amount usually \$50,000 or less. You would also have to wait a significant period to obtain the money.

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