



WAVESTONE

# Cybersecurity Index of Top Hong Kong Companies

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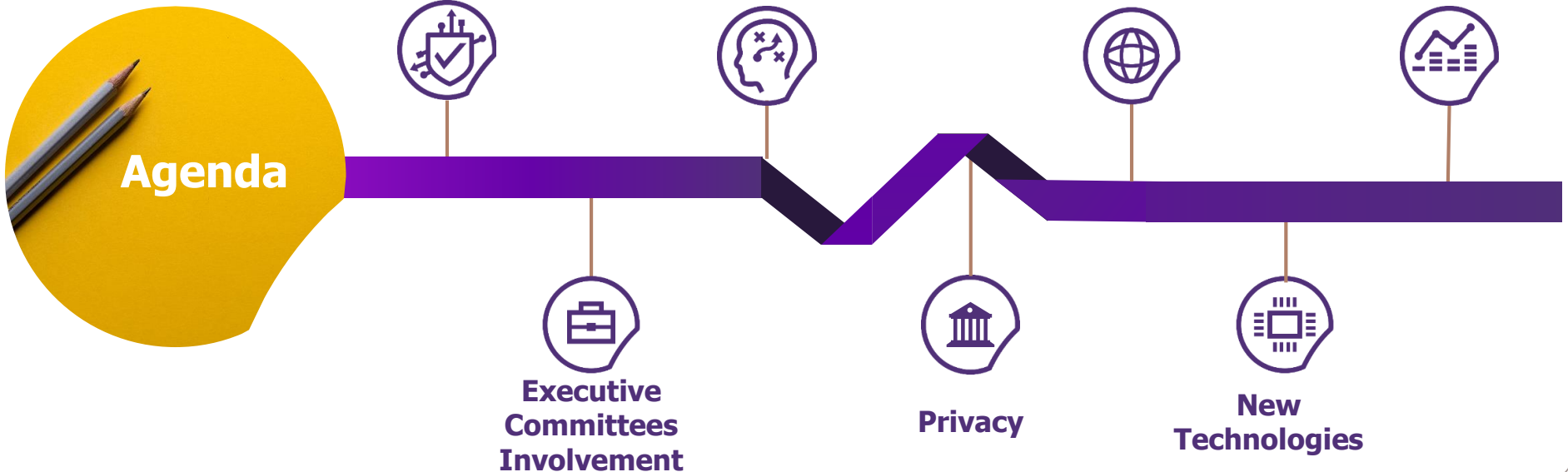
 @ChadiHantouche

# How mature is the HSI in Cybersecurity?



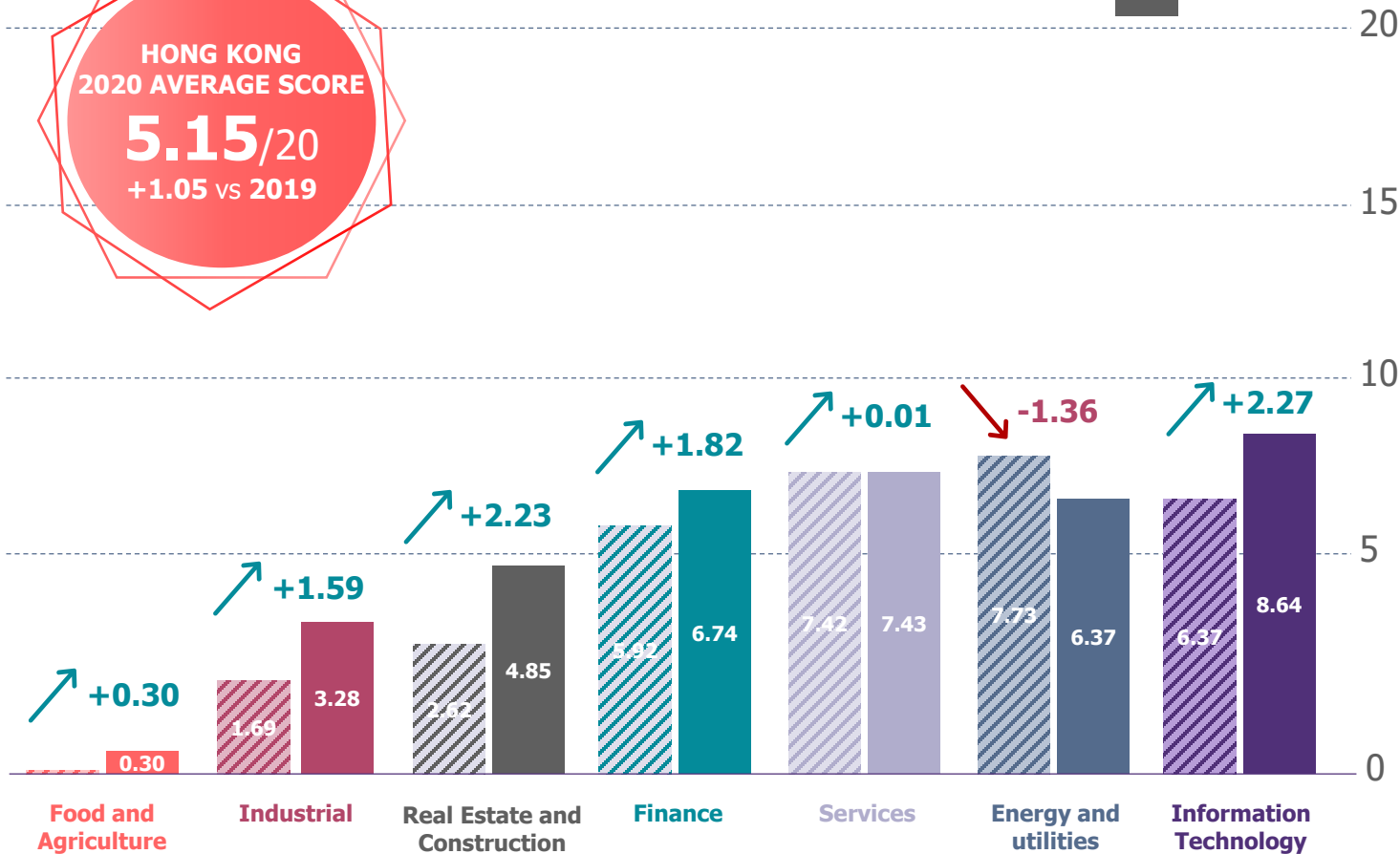
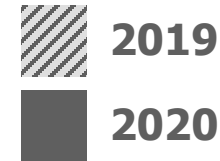
**Methodology:** This study is based upon a factual analysis of the most recent annual reports, published by the Hang Seng Index (50 companies) up to June 1<sup>st</sup>, 2020. It is one of the studies conducted in June 2020 across 7 global financial centers: New York, London, Hong Kong, Paris, Singapore, Geneva and Brussels.

The results of this study are only as accurate as the statements and disclosures made by each company in its annual report. As a result, it is possible that a given company's cybersecurity maturity is better or worse than reported.



# HSI Sectorial Analysis:

## *A widening gap between sectors*



## Wavestone's Top Companies Cybersecurity Index: 2020 Annual Reports

Wavestone's Top Companies Cybersecurity Index provides an assessment of companies' maturity levels, based upon the content of their annual reports. This index, scored out of 20, is based on 14 criteria weighted and marked between 0 and 2. These criteria cover the following topics:

### Risks and Challenges

Infosec challenges, cyber risks and impacts, cyber insurance coverage, digital transformation and new technologies' security.

### Governance and Regulation

Executive Committee involvement, Information Security governance, Personal Data protection, Awareness and training, Transparency following security incidents, Compliance to regulations and standards.

### Protection and Controls

Action plan execution, cybersecurity programme, securing core business systems, audits and controls.

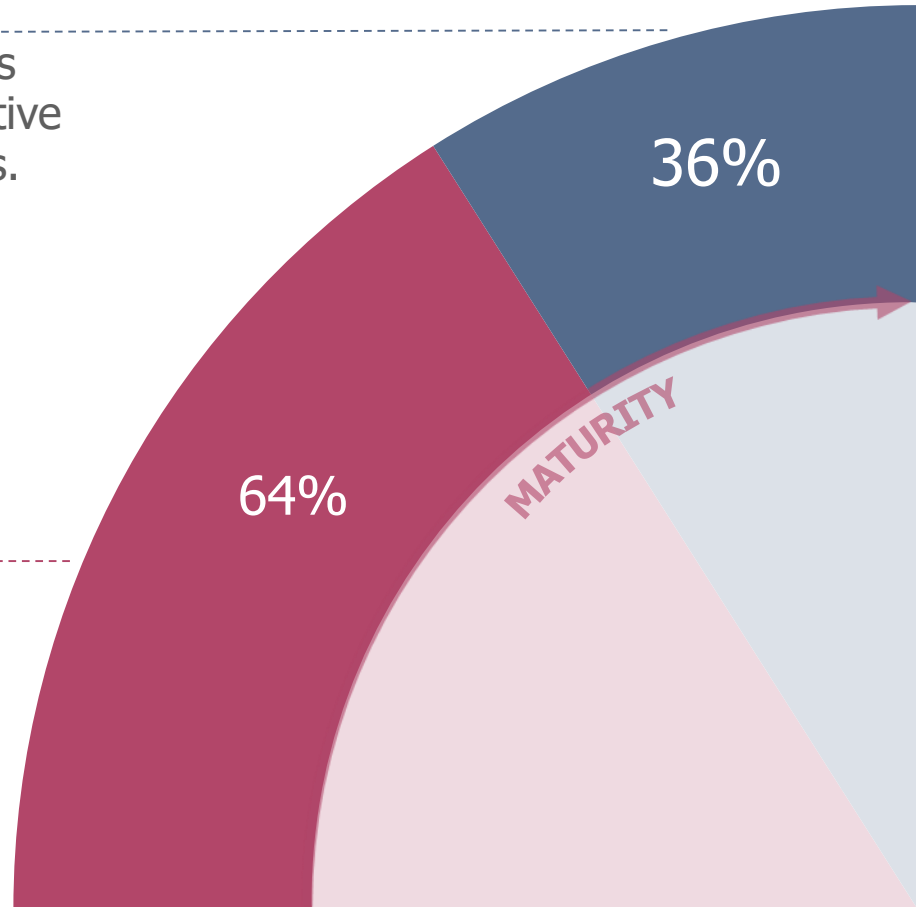
# Executive Committees are increasingly more involved

**36%**

of HSI companies address the question of cybersecurity at Executive Committee level.

A governance body addresses cybersecurity with the Executive Committee on a regular basis.

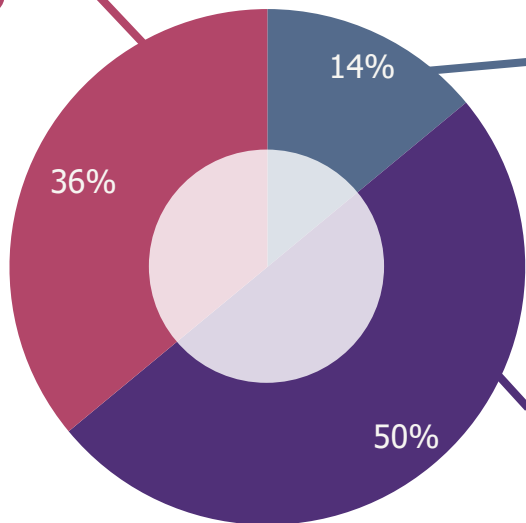
No mention of Executive Committee involvement in cybersecurity.



# Cybersecurity Risk and its Associated Business Impacts

**64%** of HSI 50 companies acknowledge that they face cybersecurity risks.  
**+15% vs 2019**

No  
mention

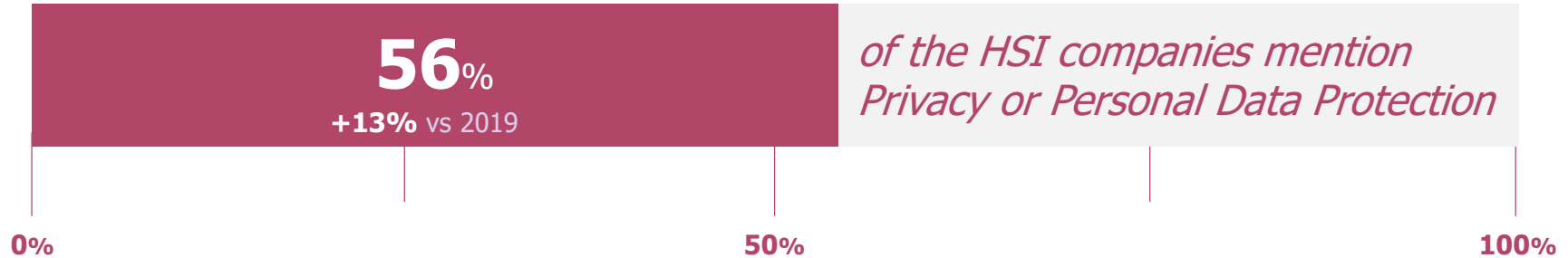


**14%** of companies expand upon these risks and make a specific, contextualized mention of their potential impacts on the business.

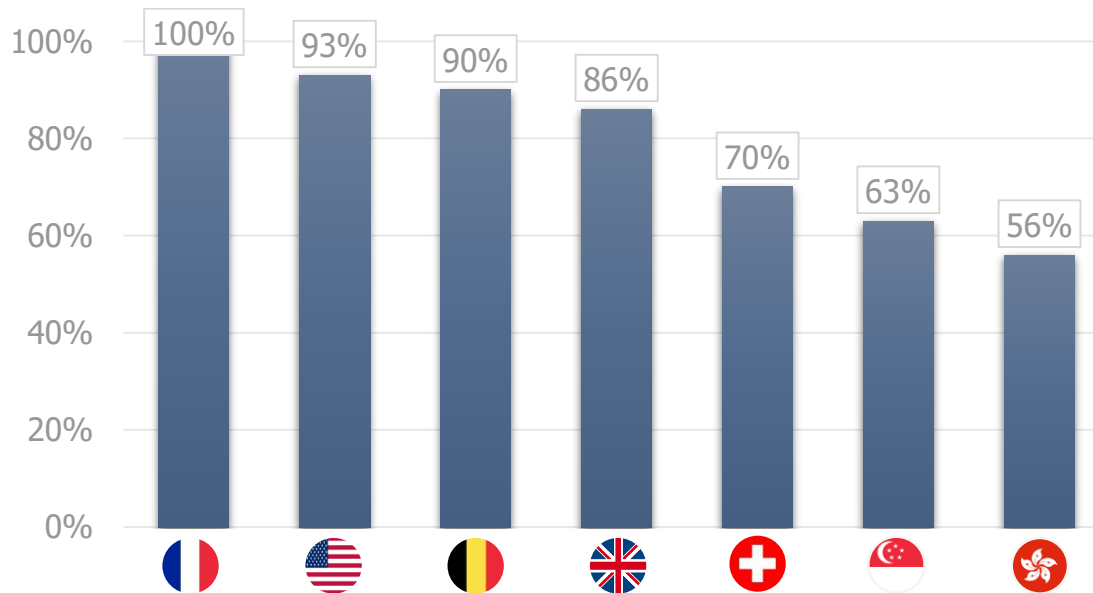
**50%** of companies have simple mentions of the risks.

**60%** of companies state they take measures to tackle these risks.

# Privacy and Personal Data Protection are still improving

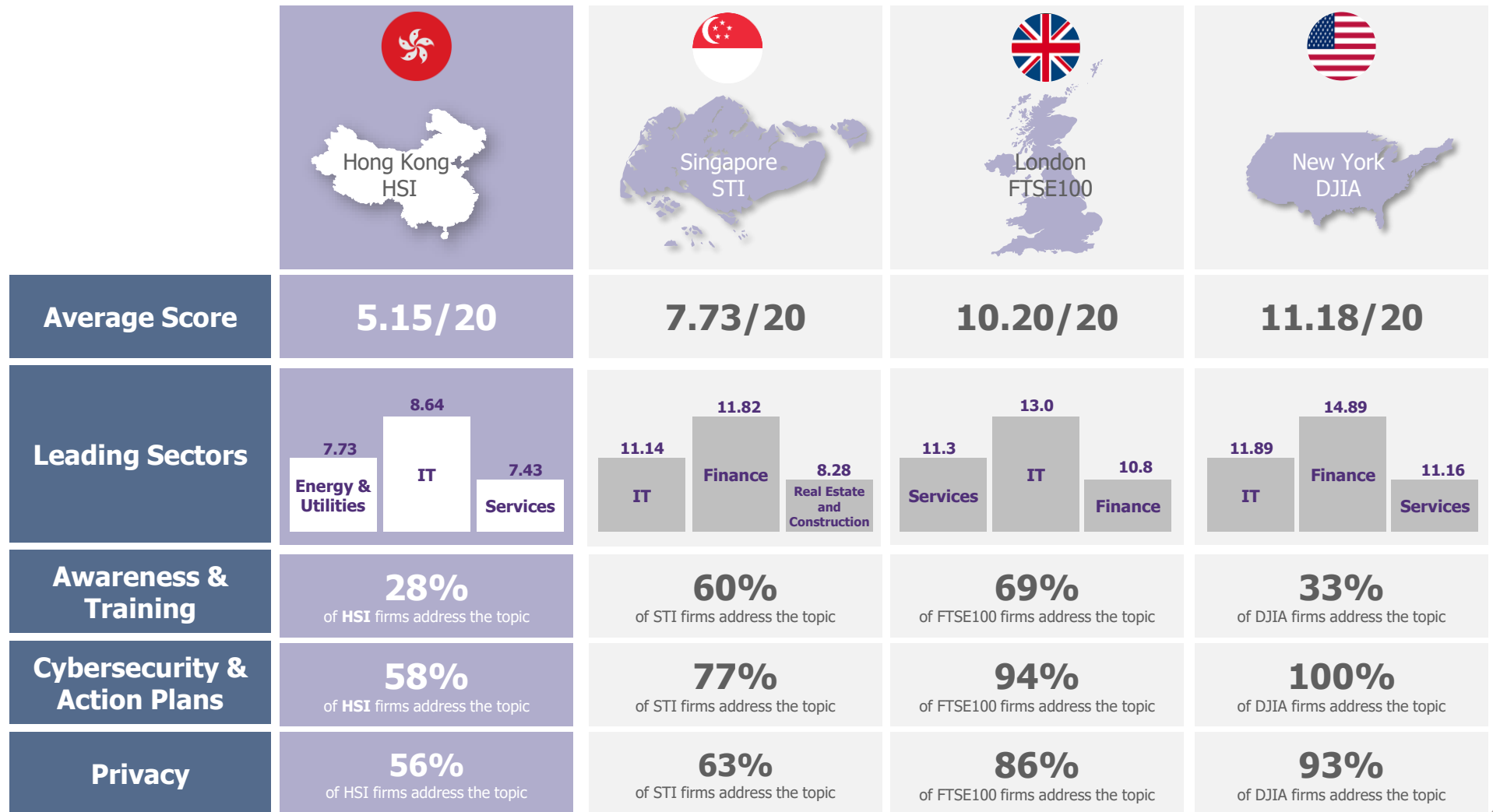


44% of companies make no specific reference to Privacy or Data Protection regulations

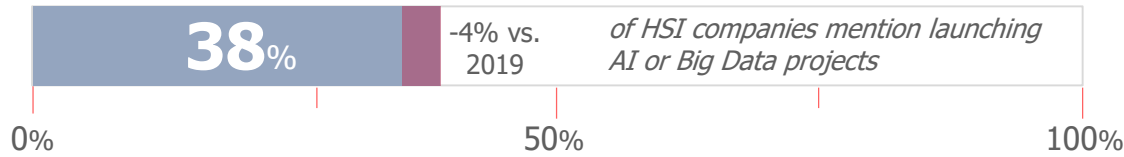


Compared to its international peers, Hong Kong is lagging behind in terms of Data Privacy.

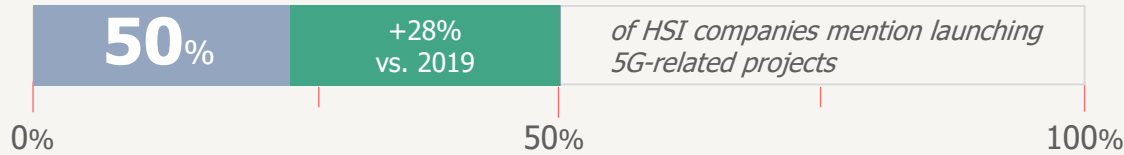
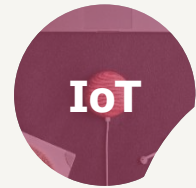
# A comparative view of Hong Kong's HSI Cybersecurity Index against global peers



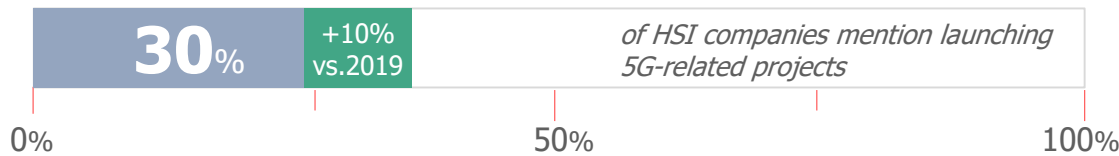
# Cybersecurity is not part of Technological Innovations



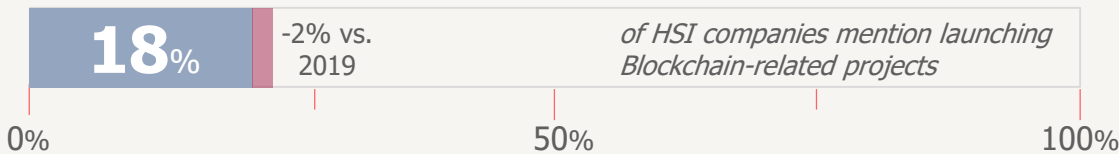
**1** of them links it to cybersecurity



**1** of them links it to cybersecurity



**0** study the associated risks



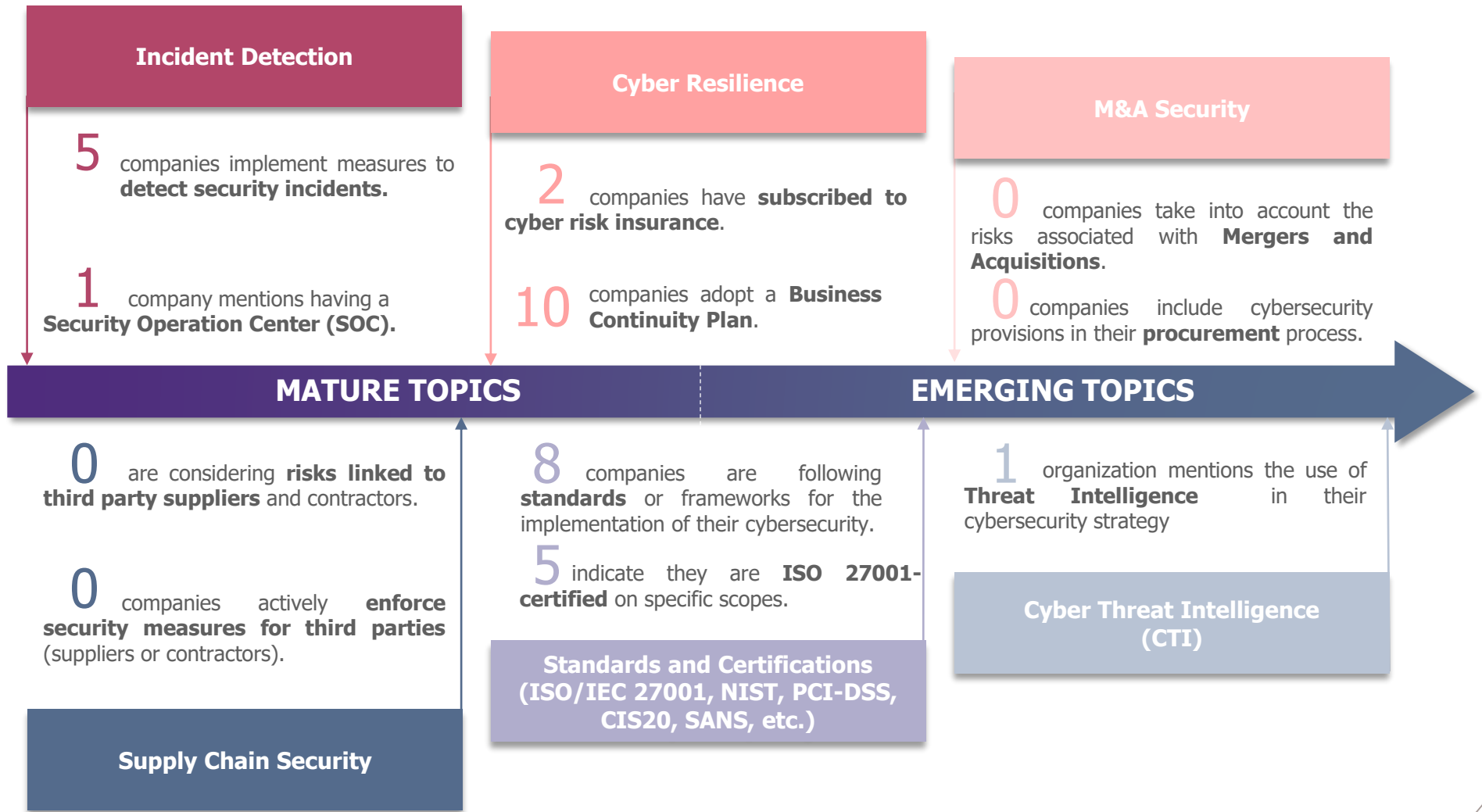
**0** link it to better traceability, trust or transparency



**3** of them link it to cybersecurity



# Cybersecurity Trends within Hong Kong HSI





# Final Thoughts...



Hong Kong's HSI companies demonstrate very low scores: Cybersecurity and Privacy are still not considered priority areas by most of them.



Financial Services do not reach the level that could be expected in relation to their regulatory obligations on Cybersecurity.



The numbers are slowly improving, and should continue to improve in the coming years, while companies' awareness rises.

# APPENDIX

# Assessment chart (1/2)

	Weighting	Level 0	Level 1	Level 2
Information security issues and understanding of contextualized threat for the company	3	0 points No mention	+1 point Simple mention of the issues	+2 points Detailed mention of the issues including mentions of how the threat and/or information security specific risks have developed for the business
Cyber risks and its specific impacts on the company's business taken into account	3	0 points No mention	+1 point Mention of cyber risk	+2 points Detailed mention of risk and its impacts
Information security training and awareness	2	0 points No mention	+1 point Mention of awareness for staff and/or ExCo	+2 points Mention of large scale awareness or training initiatives and/or aimed at subcontractors or other external parties
Level of Executive Committee involvement in cybersecurity matters	2	0 points No mention	+1 point Mention of ExCo's involvement	+2 points Mentions the existence of an ExCo member directly involved and responsible for information security topics based on risk control (top owner of IS risk)
Cyber risk handling and coverage: cybersecurity investments, programme and action plan	2	0 points No mention	+1 point Mention of action plans	+2 points Mention of significant investments to cover cybersecurity risks (e.g. a multiyear cybersecurity programme, more than a hundred FTE dedicated to cybersecurity covering a substantial number of points of presence, tens of millions of Euros of cybersecurity budget or a rough estimate by Wavestone if not specified)
Integrating cybersecurity into digital transformation (AI, Machine Learning, IoT, Blockchain)	1	0 points No mention	+1 point Simple mention	+2 points Detailed mention of the specific risks of new technologies and/or specific securing actions
Cybersecurity governance	2	0 points No mention	+1 point Simple mention of the issues	+2 points Mention of the CISO's hierarchical position or mention of how the cybersecurity function is organised at Group level

## Assessment chart (2/2)

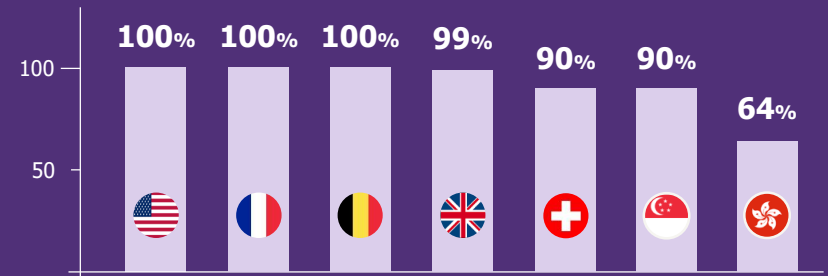
	Weighting	Level 0	Level 1	Level 2
Security of business-specific systems (Industrial control systems, anti-fraud mechanisms, payment systems, etc.)	1	0 points No mention	+1 point Mention of business-specific risks	+2 points Mention of a significant programme and investments
Privacy: GDPR, Privacy, personal data protection	2	0 points No mention	+1 point Simple mention	+2 points Mentions nomination of a DPO and/or implementation of a compliance programme, a control body
Transparency and reaction to publicly announced cyber attacks or major incidents	0	-2 points No mention of a well known incident	-1 point Mention of an incident without its remediation actions	0 point Mention of incidents accompanied by action plans and/or changes made in remediation.
Taking out a cyber insurance policy	0	0 points No mention	+1 point Mentions taking out cyber insurance	+2 points Mention of a level of cyber insurance cover above €100M
Compliance with cybersecurity regulations (NIS, PCI-DSS, French LPM, HADS, NYDFS, etc.)	1	0 points No mention	+1 point Mentions regulations	+2 points Mentions plans to comply with the stated regulations
Respect of cybersecurity standards and certifications (ISO27001, NIST, FFIEC, CIS20, SANS, etc.)	1	0 points No mention	+1 point Mention IS standards	+2 points Mentions compliance, certification or alignment to the stated standards
Information security audit risk control	2	0 points No mention	+1 point Mention of audit and cyber risk coverage measures	+2 points Mentions a specific significant or broad control plan led by the cybersecurity team / internal audit / inspectorate general

# **International Analysis**

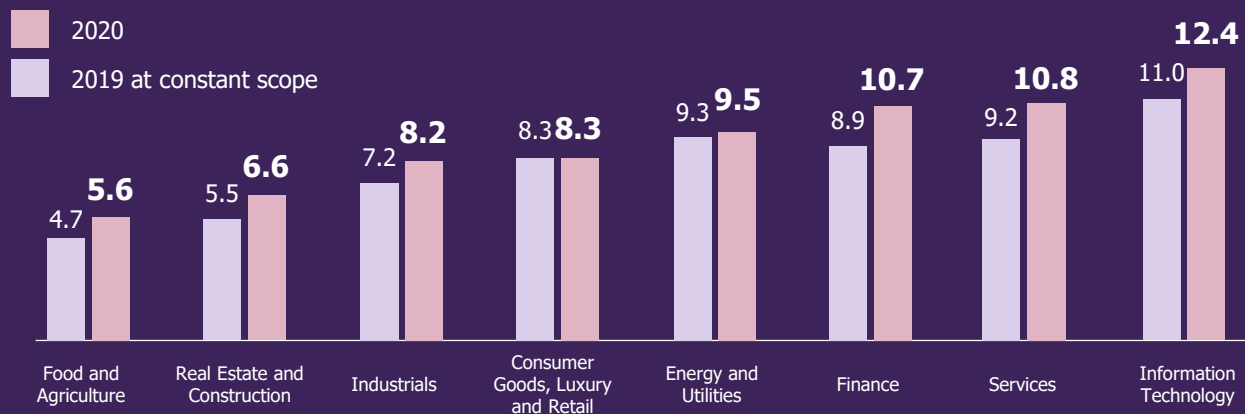
# A great involvement at a global scale

The following figures are based upon a factual analysis of the most recent annual reports, published by companies up to June 1<sup>st</sup>, 2020 listed in the stock market indices in 7 global financial centres: Dow Jones (🇺🇸), CAC 40 (🇫🇷), FTSE 100 (🇬🇧), BEL20 (🇧🇪), SMI (🇨🇭), HSI (🇭🇰), STI (🇸🇬), representing a panel of 290 companies

**92%** of companies act on cybersecurity  
+2 points VS 2019 at constant scope









## The Information Technology sector leads the way alongside the services and finance sectors



# International analysis

## Leading countries reach a maturity threshold

The bottom of the league is moving up

1.		France CAC 40	12.03	+1.97
2.		US Dow Jones	11.18	+1.03
3.		UK FTSE 100	10.20	+1.10
4.		Belgium BEL20	9.64	+1.07
5.		Singapore STI	7.73	+0.31
6.		Swiss SMI	7.32	+3.70
7.		Hong Kong HSI	5.15	+1.05



# 57%

address  
cybersecurity at  
Executive Committee  
level

+3 points VS 2019 at constant scope

1.		UK FTSE 100	68%
2.		US Dow Jones	63%
3.		Singapore STI	63%




# PRIVACY

# 80%

mention GDPR,  
privacy or personal  
data protection

+13 points VS 2019 at constant scope

1.		France CAC 40	100%
2.		US Dow Jones	93%
3.		Belgium BEL20	90%



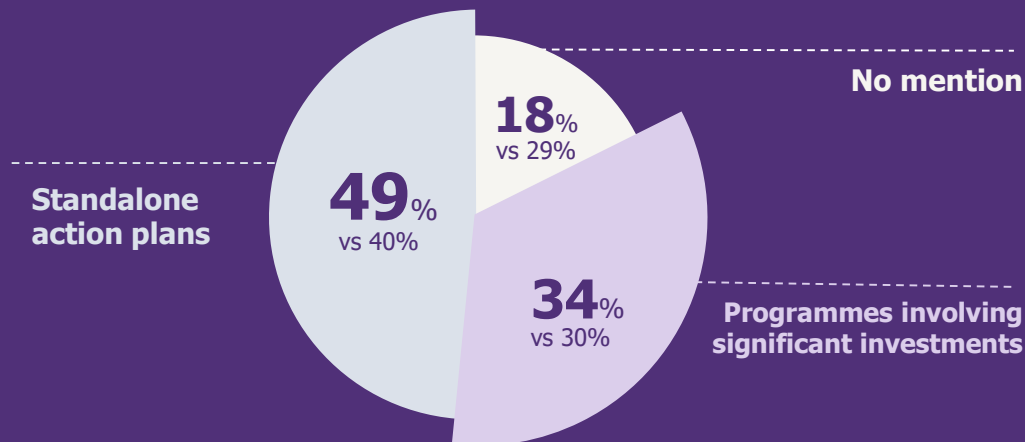
# International analysis

## Top performing countries #1 country per topic



## Cybersecurity investments remain fragmented

*Comparisons are provided at constant scope with last year*



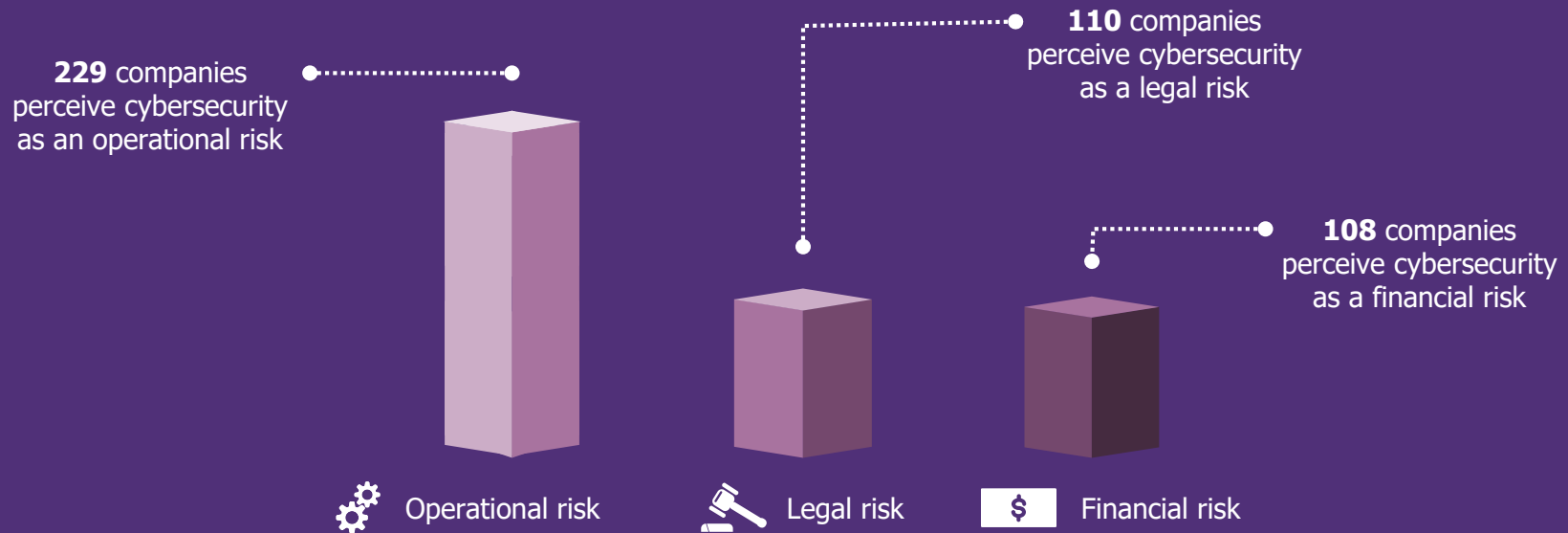
# International analysis

**Investments in innovative projects are still dynamic,**  
but cybersecurity is hardly part of the discussion, yet it should be.



# International analysis

## Cybersecurity is mainly perceived as an operational risk



### What are leading companies doing?

Emerging cybersecurity topics



PARIS

LONDON

NEW YORK

HONG KONG

SINGAPORE \*

DUBAI \*

SAO PAULO \*

LUXEMBOURG

MADRID \*

MILANO \*

BRUSSELS

GENEVA

CASABLANCA

ISTANBUL \*

EDINBURGH

LYON

MARSEILLE

NANTES

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\* Partnerships