Reporting on the Financial Impacts of Cybercrime

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MOTIVATION FOR THIS RESEARCH

This is *really* easy to explain . . .

Cybercrime events/costs/losses are mounting.

Transparency demands disclosure.

The SEC <u>suggests</u> reporting is needed.

METHODOLOGY FOR THIS STUDY

Selecting a manageable sample of firms

Determining a time period for study

Choosing a disclosure venue focus

Defining a search routine

Industry---Sample---Time Period

Industry focus—U.S. retail merchandising

Firms with 2010 sales > $1 billion

Study firms totaled 117

Years: 2010-2014

CYBERCRIME FINANCIAL DISCLOSURE

Form 10-K Content Search

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Search Terms/Phrases

- **Computer crime**
- **Cyber attack**
- **Cyber crime**
- **Cybersecurity**
- **Data leakage**
- **Identity theft**
- **Internet fraud**

Outcomes: Disclosures Found

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Separate Disclosures Found by Year

2010	14
2011	28
2012	37
2013	58
2014	53

Outcomes: Disclosures Found

Firms Making Disclosure by Year

2010	11
2011	20
2012	23
2013	33
2014	37

Conclusions

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- There is *very* limited disclosure of cybercrime and cybersecurity risk in the industry studied.
- The SEC action *suggesting* that cybersecurity risks be disclosed seems to have been *ignored*.
- As has been found in <u>many</u> prior studies, calls for voluntary financial disclosures and reporting basically go unheeded.

Thanks for Your Attention!

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Comments

and

Cybercrime Financial Disclosure

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Want to contact the author about this research?

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