

BANK SECURITY NEWS

A ROYAL MEDIA GROUP PUBLICATION • 1359 BROADWAY, SUITE 1512 • NEW YORK, NY 10018 • WWW.ROYALMEDIA.COM

INSIGHTS ON CORPORATE AND INFORMATION SECURITY • APRIL 2005 VOL. 3, NO. 7

BOFA TAPE LOSS SUGGESTS PHYSICAL STORAGE RISKS

That **Bank of America Corp.** was using physical backup data tapes — some of which held personal information on 1.2 million customers and were either lost or stolen — is the perfect example of why electronic backups are more secure, according to proponents of the technology.

Until three years ago, **Alpine Bank** in Rifle, Colo., also backed up the information on its computer network on data tapes, which are about the size of a pack of bubble gum. The process was “a hassle,” said **Chris Brown**, application systems officer at the bank. Each night, employees at Alpine’s 28 branches had to physically change out the data tapes, he said. A courier would then pick up the tapes and deliver them to the bank’s main branch, where one employee spent half his time archiving the tapes, he said.

The process rarely went smoothly, Brown said. Tapes were not changed every night. Sometimes, the courier would pick up a tape but fail to leave a new one. Tapes and the equipment used to record them wore out.

Relying on a network of employees and couriers was Brown’s biggest worry. A mistake or theft at any point in the process could easily have led to a security breach similar to what happened at Bank of America, he said.

“Other things disappear from couriers,” Brown said. “Why not data tapes?”

In 2003, Alpine was persuaded by Emeryville, Calif.-based **EVault** to try a new method of electronic data storage that does not require tapes or couriers. Alpine’s servers are now backed up automatically to a network of hard drives. The data is also encrypted and stored at an EVault databank.

Electronic backup is becoming the preferred method of data storage in the financial industry. As many as half of all banks are using some form of electronic data storage, according to industry estimates. A BofA spokeswoman confirmed that the bank employs a manual backup system. Its tapes were stolen while en route to a secure warehouse.

A driving factor behind the increasing popularity of the technology is

price, said **Tony Barbagallo**, an EVault vice president. The cost of broadband internet access has decreased, as has the cost of electronic storage. The technology has improved, too, he said. Electronic backups are now only occasionally “full” backups. Usually, just the individual bits of data that have changed since the most recent backup are updated. This vastly reduces the amount of storage space needed to house the data, he said.

It is also more secure, Barbagallo said. “Physical storage is time consuming, error prone, and in case of disaster, you have to call the storage provider,” he said. The data that is warehoused at EVault is encrypted before transmission, and it remains encrypted while in storage, he said.

In late March, EVault announced a partnership with **CUSA Technologies**, a unit of **Fiserv Inc.**, to provide its online backup and recovery-management services to CUSA’s base of more than 850 credit union clients.