

FINANCE InFocus

A monthly publication of the
Ministry of Financial Services and Good Governance

Vision

Our vision is to transform Mauritius into a Centre of Excellence and promote wealth and good governance. We are driven by ethical behaviour, efficiency, honesty, trust, integrity and responsiveness in our quest for excellence within our operational and staff functions.

Minister Sesungkur: “The allegations of ICIJ undermine the contribution of Mauritius to Africa”

The Minister of Financial Services and Good Governance, Honourable Dharmendar Sesungkur, vehemently rejects the allegations made in articles published recently by the International Consortium of Investigative Journalists (ICIJ) on the so-called ‘Mauritius Leaks’.

“Mauritius is not a tax haven and does not feature on any blacklist of tax havens. In fact, the jurisdiction is deemed compliant to international norms and standards, and does not have any harmful practices in its tax regimes, according to the reports of the Organisation for Economic Co-operation and Development (OECD) and the Financial Action Task Force (FATF).” states Minister Sesungkur. He also lays emphasis on the rerating of Mauritius on several recommendations of the FATF, and reiterates the commitment of the country to continue paving the way towards building an International Financial Centre of substance and good repute.

“The National Risk Assessment exercise, coordinated by my Ministry and the Financial Intelligence Unit, has been completed and will allow the country to develop a risk-based approach for the implementation of AML/CFT measures. The report will be launched shortly and disseminated widely to all stakeholders.” informs the Minister. He adds that he strongly believes in the potential of Mauritius IFC and condemns the allegations made which undermine the contribution of



Mauritius to Africa in terms of investment. “According to a recent report of the UN Conference on Trade and Development, Mauritius is indeed contributing its part to the rising FDI flowing into Africa, an increase estimated at 11% in 2018.” according to him

“The allegations made by the ICIJ are baseless and its findings unsubstantiated, and tarnish the reputation and good standing of Mauritius”

He adds that the articles of the ICIJ undermine the very foundations on which we have built close socio-economic relationships with other African Countries, especially in terms of intra-regional investment flow. Moreover, the treaties Mauritius has signed are already in conformity with the requirements of the OECD, and in 2017, Mauritius signed the Multilateral Convention to Implement Tax Treaty Related Measures to Prevent BEPS (MLI) as part of Organisation for

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Economic Co-operation and Development’s (OECD) main Base erosion and profit shifting (BEPS) actions. “I must stress that our tax treaties are negotiated bilaterally and there is nothing which is imposed on any country. There are more than 3000 tax treaties signed by over 70 nations, yet it is only ours that have come under scrutiny, despite being a combination of UN and OECD’s model tax treaties,” states Minister Sesungkur.

He also reassures investors and stakeholders of the financial sector that the Government will continue pursuing its goals to ensure the sustained growth of the financial sector. “We remain committed to work in partnership with stakeholders for a brighter future of Mauritius IFC and I look forward to working with you all in this direction,” concludes the latter.

Corporate Governance; The antidote to corruption



Elizabeth Richards conducting her training on Corporate Governance

Adopting good corporate governance practices effectively acts as a system of checks and balances. This was the message delivered by Elizabeth Richards recently in a presentation at the FSC House in Ebene on 8 August 2019. The presentation, entitled “New Developments in Corporate Governance”, was jointly organized by the Financial Services Institute, the Mauritius Institute of Directors and the National Committee of Corporate Governance. Elizabeth Richards, a renowned international speaker, is Head of Corporate Governance at the Institute of Chartered Accountants in England and Wales (ICAEW).

The areas covered by Elizabeth Richards in her presentation included audit, stewardship, proxy agents, executive pay, stakeholder engagement, independent directors, gender pay gap reporting and whistleblowing, amongst others. One interesting development raised by her was the replacement

of the UK’s Financial Reporting Council (FRC) by a new regulator, the Audit, Reporting and Governance Authority, which would be accountable to the UK Parliament. This was undertaken due to accounting irregularities and audit failures at companies such as Carillion, Patisserie Valerie and BHS.

She stressed on the importance of having diversity on boards and how this as well as education of the board is a massive initiative of the UK Government. She mentioned the Hampton Alexander Review on FTSE Women Leaders which focuses on improving gender balance on boards of companies. On stakeholder engagement, Elizabeth Richards elaborated on the possibility of having a designated non-executive director responsible for employee participation or having worker representation on corporate boards.

“The aim of corporate governance is to have longer periods between financial scandals and less impact on the public. That is why tougher laws are being implemented in the UK and consequently, the quality of independent directors in the UK is increasing.” stated the speaker. Whistleblowing, according to her, should be a “no-emotions attached” business process and she made the distinction between true anonymity which can only be provided through a third party hotline for whistleblowers, and confidentiality, which involves a few trusted employees and is therefore not entirely anonymous. “In short, Corporate Governance is the antidote to corruption” concluded Elizabeth Richards.

Minister Sesungkur clarifies on increase in FSC fees

Following an increase in FSC fees, a parliamentary question concerning the Global Business Licences was raised by Hon. Abbas Mamode, the Honourable Fourth Member for Port Louis Maritime and Port Louis East to Hon. Minister Sesungkur. The latter replied by stating that, for Mauritius to be considered as a robust and resilient international financial centre, there is a need for developments and structural reforms to take place, and as such, financial support will be needed. Moreover, the compliance and the regulatory costs for the Commission to deliver efficiently as the Regulator is increasing. Accordingly, for the Commission to operate effectively and without pressure or hindrance whatsoever in the coming years, it has had to consider an increase in the license fees payable, as provided by the Financial Services Act 2007 and the Financial Services (Consolidated Licensing and Fees) Rules 2008, in a holistic manner and without jeopardizing our international competitiveness. Minister Sesungkur also emphasized that the licence fee that the recent increase of approximately

12% in the Annual Fee payable for Global Business Licence has been made after 7 years. Accordingly, since its introduction in 2008, after 11 years, there has been an increase of 25% in the fees payable for Global Business activities. According to the Minister, it was necessary to increase the fees as it will enable the Commission to respond effectively to the increasing costs of operation and to meet the international norms. Prior to the increase, the FSC had consulted the representatives of the industry on 24 May 2019 to discuss and consider the projected quantum of increase of fees pertaining to the Global Business Sector. It had also been agreed that the date limit for the payment of the quantum of increase in annual fees was to be extended up to 30 September 2019 by Global Business Companies and to which the FSC has agreed to. The Minister has also been informed by the FSC that, according to its records, there is no standing agreement signed between the stakeholders to the effect that the fees for Global Business Licences will not be increased.

Cybersecurity - Tips for protecting and securing your data

The internet has gone from strength to strength and the beauty of it is the fact that it enables us all to communicate freely with people everywhere in the world. Many of our everyday business processes are now online. We need them constantly accessible, available and secure.

While this connectivity is amazing, the unfortunate downside is that each internet-connected individual on the planet has his own network and his own data bank that can fall victim to theft by black hat hackers.

It is therefore crucial to understand your digital footprint, prioritise your most sensitive assets, implement higher levels of protection for those assets, get more disciplined with regard to backups and have a business continuity / disaster recovery system. The following are some tips to ensuring that your system is properly secured.

1. Take inventory of your digital footprint

Your digital footprint is large and cannot be erased. While there are emerging features in social media related to disappearing posts where you get to schedule the deletion of your posts in advance, there's no global delete button that you can press to erase your digital tracks.

With your information scattered everywhere, it's important to think about what valuable information you have and where. For example, how many web sites are storing your credit card info? How many have an up-to-date card number and expiration date? Where do you have important documents, files, and videos across the web? You can start by making a list in a spreadsheet and noting the types of sensitive data associated with each site. If there are particular sites that you no longer use, you may also want to delete your account profiles there.

2. Prioritize your most sensitive accounts

Prioritise the most sensitive accounts and ensure you are elevating your security levels in those key areas to the highest levels available. You can prioritize your accounts by the sensitivity of the data such as personal financial information, personal health records and so on. An easy scheme might be a classification of low, medium, and high for the levels of data sensitivity associated with each site.

3. Set the strongest possible access control and authentication for these priority accounts

For these priority accounts, go through one by one and elevate your security and privacy settings. This means setting stronger passwords, changing your security questions, moving to higher levels of authentication where available, and higher privacy settings. Change your passwords more frequently for these accounts. Many new smartphones also offer biometric authentication which is even better since it relies on "something you are" - your unique biometric such as a fingerprint.

5. Have your personal business continuity / disaster recovery plan

It is important to keep an eye on your accounts to watch out for suspicious activity. Keep a list of important numbers to call in the event of identity theft and a list of your credit card numbers in case they're stolen. It's good to have a paper copy of this information and well as a copy on your smartphone so you can report lost or stolen cards immediately. Of course, don't keep your PINs with your cards, and don't create PINs or passwords using information that can be guessed easily.

4. Keep up to date with security patches, use caution when providing information online, and back up your data regularly

It's important to keep your operating system, browser, and other critical software up to date with the latest security patches to minimise threats from viruses and malware, and also limit the amount of personal information you post online.

Cybersecurity is everyone's responsibility

With the rising number of successful attacks against high-profile targets, it's now not a question of if you'll get hacked, but when. Cybersecurity is everyone's responsibility. The nature of the cybersecurity threat is evolving, but many attacks are also successful due to simple lapses in applying common security controls. Businesses can do more to implement robust security practices and so can consumers. There's no magic fix, of course, but the more safeguards the better.

Global Economy; The world holding its breath

Global growth is projected at 3.2 % for 2019, improving to 3.5 % in 2020. On the trade front, the forecast reflects the May 2019 increase of US tariffs on \$200 billion of Chinese exports from 10 % to 25 %, and retaliation by China.

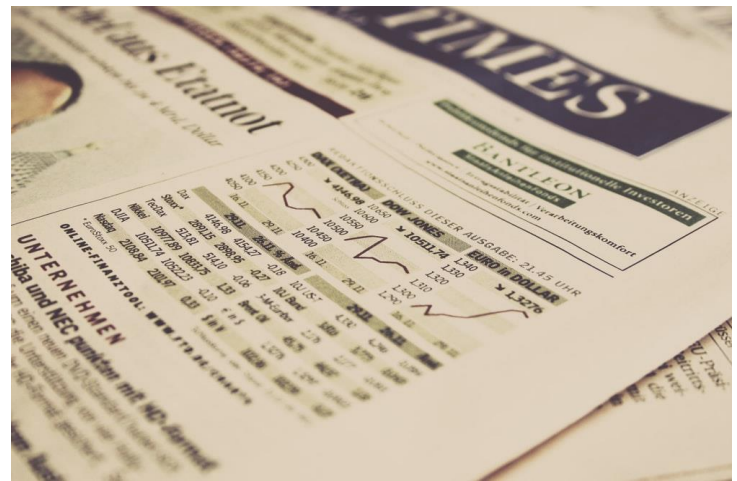
Business confidence and financial market sentiment have been repeatedly buffeted since early 2018 by a still-unfolding sequence of US tariff actions, retaliation by trading partners, and prolonged uncertainty surrounding the United Kingdom's withdrawal from the European Union.

The projected pickup in global growth in 2020 relies importantly on several factors: (1) financial market sentiment staying generally supportive; (2) continued fading of temporary drags, notably in the euro area; (3) stabilization in some stressed emerging market economies, such as Argentina and Turkey; and (4) avoiding even sharper collapses in others, such as Iran and Venezuela.

Growth in the **euro area** is projected at 1.3 % in 2019 and 1.6 % in 2020. The forecast for 2019 is revised down slightly for Germany but it is unchanged for France and Italy. Growth has been revised up for 2019 in Spain, reflecting strong investment and weak imports at the start of the year. Euro area growth is expected to pick up over the remainder of this year and into 2020, as external demand is projected to recover and temporary factors continue to fade. The United Kingdom is set to expand at 1.3 % in 2019 and 1.4 % in 2020. The forecast assumes an orderly Brexit followed by a gradual transition to the new regime.

In **sub-Saharan Africa**, growth is expected at 3.4 % in 2019 and 3.6 % in 2020, as strong growth in many non-resource-intensive countries partially offsets the lackluster performance of the region's largest economies. Higher oil prices have supported the outlook for Angola, Nigeria, and other oil-exporting countries in the region. But growth in South Africa is expected at a more subdued pace in 2019 reflecting a larger-than-anticipated impact of strike activity and energy supply issues in mining and weak agricultural production.

Emerging and developing **Asia** is expected to grow at 6.2 % in 2019–20. In China, the negative effects of escalating tariffs and weakening external demand have added pressure to an economy already in the midst of a structural slowdown and needed regulatory strengthening to rein in high dependence on debt. With policy stimulus expected to support activity in the face of the adverse external shock, growth is forecast at 6.2 % in 2019 and 6.0 % in 2020.



Climate change remains an overarching threat to health and livelihoods in many countries, as well as to global economic activity. Domestic policy mitigation strategies are failing to muster wide societal support in some countries. Meanwhile, international cooperation is diluted by the non-participation of key countries. At the same time, civil strife in many countries raises the risks of horrific humanitarian costs, migration strains in neighbouring countries, and, together with geopolitical tensions, higher volatility in commodity markets.

At the multilateral level, the pressing needs are, first, to reduce trade and technology tensions and, second, to expeditiously resolve uncertainty around changes to long-standing trade agreements (including those between the United Kingdom and the European Union as well as between Canada, Mexico, and the United States). Specifically, countries should not use tariffs to target bilateral trade balances. More fundamentally, trade disputes may be symptoms of deeper frustration with gaps in the rules-based multilateral trading system.

At the national level, key priorities shared across countries include enhancing inclusion, strengthening resilience to turbulent turns in international financial markets, and addressing constraints that inhibit potential output growth. More specifically, across country groups,

Across emerging market and developing economies, the recent softening of inflation gives central banks the option of becoming accommodative, especially where output is below potential and inflation expectations are anchored. Debt has increased rapidly across many economies. Fiscal policy should therefore focus on containing debt while prioritizing needed infrastructure and social spending over recurrent expenditure and poorly targeted subsidies.

Source: IMF Statistics

FSI provides training on Reinsurance

The Financial Services Institute (FSI) organised a training on Reinsurance from 5 to 7 August 2019. The training programme covered the basics and more advanced features of the reinsurance business. In simple terms, reinsurance, which is the “insurance for insurance companies”, helps to protect and limit the liability of insurers against specific risks or extraordinary losses thereby assisting with capital management and solvency. The objective of the Programme was to enhance participants’ professional competencies and technical skills, more specifically it will enable them to:

- ❖ understand how the reinsurance market functions;
- ❖ know the main types and methods of reinsurance, namely facultative, treaty, proportional and non-proportional as well as their advantages and disadvantages;
- ❖ learn basic cession, pricing and commission calculations for different types of reinsurance arrangements; and
- ❖ apply concepts in case studies and practical examples.

The programme was split in three main parts and participants had the flexibility to select which session(s)

they wished to attend, notably: Foundation: Understanding reinsurance, the forms of reinsurance and pricing overview; Advanced Reinsurance: Key components of reinsurance: Cessioning, Pricing and Commissions; and Reinsurance Accounting & Scenarios - Understanding the process. Proportional & non-proportional scenarios.

The training was imparted in collaboration with Munich Re, the Insurance Association and FSI. The speakers from Munich Re were namely: Mrs Sindiswa Mabelwane, Mr Kamogelo Phala, both seasoned underwriters, and Mr Tinyiko Ngoben, who is in charge of reinsurance accounting. They shared valuable insights on what matters most in the reinsurance business, revealing latest industry trends and providing case studies for better understanding of key concepts and ensure that training outcomes are met. The interactive sessions ensured that participants gained the maximum benefit of the experience and expertise of Munich Re specialists.

The participants were from the insurance sector mainly in the middle management and intermediate levels working in Reinsurance Departments as well as those who have recently joined the reinsurance industry. There were around 100 participants who attended the training.

US Federal Reserve cuts interest rates for first time in decade

The Federal Reserve has cut interest rates for the first time in more than a decade, even as the economic expansion in the United States reaches record length, unemployment hovers at historic lows and consumers keep spending.

Uncertainty around global growth and persistently low inflation are behind the expected move, because both pose major threats to the health of the economy at a time when the central bank has limited ammunition to fight off a downturn. It is what’s called an “insurance cut” — one that central bankers are making to keep growth chugging along.

The US central bank therefore cut its key benchmark interest rate by a quarter of a percentage point, to a range of 2%-2.25%, in the first reduction in borrowing costs since immediately after the financial crisis a decade ago.

Jerome Powell, the Fed chairman, said weak global growth and the US-China trade war had been disruptive for the world economy and had an impact on growth in America, despite the US labour market remaining strong with the lowest unemployment rate since the late 1960s. At the meeting, the Federal Reserve appeared the

markets by cutting the target range for its overnight lending rate 25 basis points, to 2% to 2.25%. This marked the first rate cut since the start of the financial recession more than a decade ago. The major stock indexes sold off and bond yields rose after Fed Chairman Jerome Powell’s news conference, where he watered down the chances of more rate cuts.

Stocks fell on Wall Street straight after the decision as investors warned the 0.25% cut might not be enough to deliver greater stimulus for US growth. The Dow Jones Industrial Average closed down 1.23% at 26,864.

According to Goldman Sachs, there will most probably be one more interest rate cut, and only then the Federal Reserve will be finished cutting rates. The firm gives an 80% probability of another rate cut this year to wrap up the Fed’s easing cycle.

Source:

<https://www.theguardian.com/business/2019/jul/31/federal-reserve-cuts-interest-rates-by-025-its-first-in-a-decade>

<https://www.cnbc.com/2019/08/01/goldman-sachs-one-more-rate-cut-and-then-the-fed-is-done.html>

NPCC; Inculcating a culture of leadership in Rodrigues



The “Today’s Teens Tomorrow’s Leaders” training workshop for Grade 9 students and educators in Rodrigues was held in the first week of August 2019. This initiative was undertaken by National Productivity and Competitiveness Council (NPCC) in collaboration with the Rodrigues Regional Assembly (RRA) and is part of the “Découverte des Métiers” project spearheaded by the education and training commission under the aegis of the RRA.

The course was conducted in four different batches over a duration of four days from Monday 05 to Thursday 08 August at the Antoinette Prudence Human Resource Development Centre at Malabar in Rodrigues whereby students and educators from seven secondary institutions across the island were in attendance. The secondary institutions comprised of Mont Lubin College, Le Chou College, La. Ferme College, Grande Montagne College, Terre Rouge

College, Rodrigues College and Marechal College. The course is designed to inculcate a culture of leadership among students and teach them the art of building relationships within teams, defining identities and achieving tasks effectively. The course also provides the students with an opportunity to learn to identify and display effective communication and interpersonal skills which will further help them in their future endeavours.

Moreover, a certificate awarding ceremony was held on 08 August to honor the students and educators who have shown outstanding commitments throughout the course, during which the participants were given their certificates. The Permanent Secretary of this Ministry, Dhanunjaye Gaoneadry, also attended the awarded-giving ceremony.



2nd AfrAsia Bank Sustainability Summit to be held in October

After a successful inaugural launch of the AfrAsia Bank Sustainability Summit last year in Mauritius, AfrAsia Bank has announced a second summit in partnership with IBL Together and with the support of the United Nations (UN). This summit marks the commitment of AfrAsia Bank to increase the global understanding of sustainability and the United Nations’ Sustainable Development Goals (SDGs) while establishing the opportunities, challenges and practical steps that will help shape a sustainable future.

The 2019 edition, scheduled on 14-15 October at Caudan Arts Centre, will lay emphasis on “Driving the SDGs to the next level”. This edition will encompass a high-level panel of sustainability experts discussing over topics, which directly and indirectly influence the corporate environment. World citizen Gunter Pauli is this year’s keynote speaker; an entrepreneur and a prolific author. whose approach towards sustainability is refreshingly modern and visionary.

Participants will include over 200 professionals from around the globe. It was last year only that AfrAsia Bank organized Mauritius’ First Sustainability Summit dedicated to corporates in partnership with IBL, and with the support of the UN Resident Coordinator’s Office for Mauritius and the Seychelles. The themes around which revolved the AfrAsia Sustainability Summit was the increasing global needs and how will companies in Mauritius meet the United Nations Sustainable Development Goals (SDGs).

One of the main objectives of the Sustainable Development programme established by the United Nations is to challenge the current mindset that tends to brush aside companies’ commitment towards social and environmental causes. A first in Mauritius, AfrAsia Bank Sustainability Summit 2018, objectives was to bring local and international organisations together in order to share their knowledge and best practices on Corporate Sustainability.

BOM issues Silver Retirement Bonds

In accordance with section 5 of the Public Debt Management Act 2008 and section 57 of the Bank of Mauritius Act 2004, the Bank of Mauritius, acting as agent of the Government, offered for sale two types of bonds namely the issue of 5.5% Silver Savings Bonds and the issue of Issue of 5.5% Silver Retirement Bonds. Both issues started since 01 August 2019 and will close by end of December 2019 or earlier if the Government decides so. Since its launch on 01 August 2019, about Rs 3 billion has been deposited on both types of bonds.

Only Mauritian residents* aged 65 years and above will be eligible for the 5.5% Silver Savings Bonds, which has a fixed coupon rate. The Savings Bonds will be issued in multiples of Rs25,000, up to a maximum amount of Rs1,000,000 per individual.

Bond holders will be paid quarterly interest at the rate of 5.5% per annum on 30 September, 31 December, 31 March and 30 June. For the first coupon payment, interest shall accrue from the date of investment. Sale of the Silver Savings Bonds will be effected through all commercial banks. The Bond is not transferable but in case of death of holder, the net proceeds will be payable to the legal beneficiaries of

the holder. Interest will continue to be paid for a maximum period of 6 months after death of holder.

5.5% Silver Retirement Bonds

Retirement Bond carries interest which are compounded annually. Only Mauritian residents 50 and below 65 years of age will be eligible. The Retirement Bonds will be issued in multiples of Rs25,000 up to a maximum amount of Rs 1,000,000 per individual. Sale of the Retirement Savings Bonds will be effected through all commercial banks.

The Retirement Bonds will be issued at an annual interest rate of 5.5%. Interest will be capitalised until the holder reaches the age of 65. After the age of 65, interest on the Bonds will be paid quarterly at the annual rate of 5.5%. The sale of the Bonds will be effected through all commercial banks. The Bond is not transferable, but in case of death of holder, the net proceeds will be payable to the legal beneficiaries of the holder. Interest will continue to be paid for a maximum period of 6 months after death of holder.

The Bonds may be redeemed at any time wholly or in part. For a holder redeeming the Bond before a minimum period of 5 years, the market rate will apply or 5.5% whichever is the lower, except if the holder is 65 years of age or above at the time of redemption.

World Happiness Report: Mauritius maintains pole position

World Happiness Report 2019

The World Happiness Report is an annual publication of the United Nations Sustainable Development Solutions Network. It contains articles and rankings of national happiness based on respondent ratings of their own lives, which the report also correlates with various life factors.

The World Happiness Report was released on 20 March 2019. In spite of losing two places, that is from 55th to 57th, Mauritius has still maintained its pole position on the African Continent. In fact, Mauritius was the highest-ranking African nation and overall ranked at No. 57. The World Happiness Report focusses on seven essential factors namely; Gross Domestic Product, Social Assistance, Life Expectancy in good health, Freedom to make choices, Goodness, Perception of Corruption and Dystomy.

With Gross Domestic Product per capita of around Rs 720,000, Mauritius lies between Jamaica and Japan. In terms of social assistance, Mauritius is in 54th place, supported by sound economic situation and life expectancy in good health more than average, 73 years. Conversely, the perception of corruption remains high. Mauritius is in 96th place with a score of 0.855 points. The least corrupted states are namely Singapore, Rwanda, Finland and New Zealand. The World Happiness Report 2019 depicts the evolution of life since 2005 and the key factors including the link between government and happiness, the power of pre-social behaviour and the changes brought forward by advances in information technology, social norms, conflicts and government policies that have driven those changes.

Many enthusiasts believe that Mauritius offers the best quietude of life in the Sub-Saharan Africa. It is noteworthy that the government actions have significant impact on happiness. At the most basic level, good government establishes and maintains an institutional framework that enables people to live better lives. Similarly, good public services are those that improve lives while using fewer scarce resources. (World Happiness Report 2019).

Hacking of Virginia-based bank; millions of credit card applications accessed



In one of the biggest data breaches ever, Capital One, the Virginia-based bank with a popular credit card business, declared on Monday 29 July 2019 that a hacker had accessed about 100 million credit card applications, and investigators say thousands of Social Security and bank account numbers were also taken.

Paige Thompson is charged of breaking into a Capital One server and obtaining access to 140,000 Social Security numbers, 1 million Canadian Social Insurance numbers and 80,000 bank account numbers, in addition to an undisclosed number of people's names, addresses, credit scores, credit limits, balances, and other information, according to the bank and the US Department of Justice. A criminal complaint says Thompson tried to share the information with others online. She had previously worked as a tech company software engineer for Amazon (AMZN) Web Services, the cloud hosting company that Capital One was using. She was able to gain access by manipulating a misconfigured web application firewall, according to a court filing and was arrested on a charge of computer fraud and abuse in relation to the breach.

Capital One stated the hack occurred on 22 and 23 March and contains credit card applications as far back as 2005. Capital One discovered the breach on July 19 and the company revealed it fixed the vulnerability and said it is "unlikely that the information was used for fraud or disseminated by this individual." However, the company is still investigating. "I sincerely apologize for the understandable worry this incident must be causing those affected and I am committed to making it right," said Capital One CEO Richard Fairbank in a statement.

The breach affected around 100 million people in the United States and about 6 million people in Canada, according to Capital One. "Although some of the information in those applications (such as Social Security numbers) has been encrypted, other information including applicants' names, addresses, dates of birth and information regarding their credit history has not been tokenized," the FBI complaint said, and the bank told the bureau that the data includes "likely tens of millions of applications and approximately 77,000 bank account numbers."

The hacker was able to access the Social Security numbers of about 140,000 customers — those who utilised their Social Security number as their employer identification number in applying for small-business credit cards, the bank said.

Capital One stated it will inform people affected by the breach and will make free credit monitoring and identity protection available. The company anticipates to sustain between \$100 million and \$150 million in costs related to the hack, including customer notifications, credit monitoring, tech costs and legal support due to the hack. Capital One's stock was down 5% in premarket trading Tuesday 30 July 2019.

The hack seems to be one of the largest data breaches ever to hit a financial services firm. In 2017, the credit-reporting company Equifax revealed that hackers had stolen the personal information of 147 million people. During the last week of July 2019, it reached a \$700 million settlement with U.S. regulators over that breach.

In announcing the data breach, Capital One emphasized that no credit card numbers or log-in credentials were compromised, nor was the vast majority of Social Security numbers on the affected applications. It is unusual in a major hacking case for a suspect to be apprehended so quickly, and in this case, that was apparently due to boasts made online.

The true victims here were the consumers. Monitor your financial accounts and credit reports for any unusual activity and make sure your digital accounts all have strong passwords and two-factor authentication enabled to avoid or quickly catch attempts to invade your digital life. Though, in the case of the Capital One incident, it is possible that the data is not actually in public circulation, even though it was posted for nearly three months.